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JPRS-NEA-86-059

8 MAY 1986

Near East/South Asia Report

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8 MAY 1986

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EGYPT

ISRAELI REMARKS ABOUT EGYPTIAN OPPOSITION DISCUSSED

Cairo AL-SHA'B in Arabic 18 Mar 86 p 1

[Article: "Israeli Propaganda Against The Egyptian Opposition"]

[Text] In past weeks, Israeli circles have directed concentrated attacks on the Egyptian opposition and Islamic groups. Eliyahu Ben Elissar, the former Israeli ambassador in Cairo, said that what happened in Egypt has lifted a shell that has for a long time hidden a raging blaze. He added that he was less optimistic than what has been said by Israeli media.

Shefi Gabay, an Arab affairs political analyst, said that the latest weapon that the Egyptian opposition has used against President Mubarak is a war of rumors which makes the president and his government neglect their basic duties to deny the lies of the opposition. Shefi continued in his efforts to find a battle between the president and the opposition, saying that Mubarak will consider the democratic system differently once the rumors of the opposition have affected security and caused concern.

In the corridors of the Israeli foreign ministry, matters have progressed in an optimistic manner after the conclusion of the events, and reports say that the president is expected to adopt a policy of oppressive control against the Egyptian opposition. Ya'akov Eldar, a correspondent for the newspaper HA-ARETZ, quoting American sources, said that suppression of the Egyptian opposition will make it possible for President Mubarak to have greater closeness with Israel. The American sources added that Egyptian Islamic groups were behind the recent events.

'Oded Zaray, an Israeli analyst, commented on events in Cairo by saying: "The people behind the reviewing stand incident in 1981 are the same people who were behind the recent riots. Both incidents are tied together by a single ideology emanating from a coalition of extremist Islamic groups and, further, Egyptian Communist blocs. The Egyptian administration has now become more aware of the extent of the hidden danger of these groups."

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CSO: 4504/261

POLITICALLY ACTIVE RELIGIOUS LEADER INTERVIEWED

Kuwait AL-MUJTAMA' in Arabic 18 Mar 86 pp 30-32

[Interview with Dr 'Abd-al-'Ghaffar 'Aziz: "Design to Exclude al-Azhar 'Ulamas from Political Action"; in Cairo, date not specified]

[Text] For a long time we have not heard about al-Azhar 'ulama, professors of shaykhs being engaged in political action inside the People's Assembly, particularly within opposition party ranks. In the May 1984 elections, Dr 'Abd-al-Ghaffar Muhammad 'Aziz won a seat in parliament as deputy of the opposition Wafd Party. At the same time, he is professor and dean of the Islamic Call Department at al-Azhar University. What are the motives that prompted Dr 'Abd-a--Ghaffar 'Aziz to embark on this experience and what is the political side of his life? Are there any restrictions imposed on him by the so-called party commitment, and where does he stand on the government's position which the people have rejected regarding the application of the Islamic Shari'ah? We also asked him about the most important accomplishment of the Islamists and about the future of the applying the Islamic Shari'ah in Egypt.

[Question] What motivations prompted you to seek a seat in the People's Assembly and have they been realized?

[Answer] I believe that Islam is a complete system that encompasses all aspects of life. This system must be applied in all Islamic countries and it is necessary that I live this issue theoretically and pragmatically. I must work for the institution of the Islamic system through the legislative council for I believe that the call to Islam must use all possible, available and legally permissable means. The best means in this age is to be in a legislative position to bring about change, if not personally, then at least through influence within the assembly via personal contacts and attempts to explain the Islamic system's superiority over other world systems.

I believe that I have achieved many of my aspired goals during such a short period of time (one and a half years) in the People's Assembly.

[Question] For awhile now, we have not heard of al-Azhar 'ulama assuming a parliamentary seat from within opposition ranks. How do you explain that?

[Answer] There is a design to exclude al-Azhar's 'ulama from political action. It is an external as well as an internal design, particularly since everyone is aware of the influence the 'ulama have with the people. Undoubtedly such an influence will grow and become more serious when these 'ulama occupy parliamentary seats or engage in political action. Therefore, we (a group of al-Azhar 'ulama and professors) thought of going into politics in the service of Islam in the last session, particularly after we found that our country's legislators were not up to standards from the religious point of view. We do not exaggerate when we say that a large number of them espouse an anti-Islamic ideology.

We found that it would be treason to let comunists and atheist legislate for Islamic countries, and in particular Egypt, the country of al-Azhar, the country of Islam and the rightful leader of the Islamic world. So, I agreed with a group of al-Azhar University 'ulama to issue a communique declaring our wish to engage in political action through parliament and asking the president to abolish the prerequisite of forming a party so that we may distance ourselves from any suspicions and from party commitment which may sometimes be incompatible with our Islamic beliefs. This communique was issued under the signature of 27 al-Azhar University faculty members and myself. I felt that joining the (ruling) National Democratic Party would not give me the freedom to criticize official actions which I do not approve of and that work in the ranks of the opposition would be far better. I declared between God Almighty and myself that I will always uphold the truth, regardless of its source, and will always reject falsehood, regardless of its source, and that I will only commit myself to my personal beliefs. From the Standpoint of the Islamic Shari'ah, I totally reject party commitment by not calling for it. This is the course I have followed so far.

I call upon the al-Azhar 'ulama, or those of them who can, to engage in political action which, in our time, is considered the best way to serve Islam through positions that permit the adoption of decisions or laws which are in the interest of Islam. We have been able to discuss in the assembly many subjects that used to be off-limits to us. Many problems related to al-Azhar and other things had remained unpublicized until al-Azhar 'ulama entered the People's Assembly.

[Question] People are wondering: Why don't we hear al-Azhar's voice on important issues that affect the life of the people? What are the reasons for al-Azhar's weakness?

[Answer] The truth is that, for a long time, al-Azhar has been the target of a plan to do away with the power it has over social life in Egypt and to do away with the influence its 'ulama have over our society. This was the reason for al-Azhar's weakness or its impairment. This has been recently established through the admission of many people who participated in the so-called "al-Azhar Development" Law which was issued as part of the 1961 socialist decisions and has led to al-Azhar's destruction and loss of personality as well as to a sharp drop in the standard of its graduates. This matter occupies a major part of my attention in the People's Assembly. I declared in my first speech from the assembly's rostrum that I came to that hall only to improve

al-Azhar because I believe that such an action will improve the situation of all Muslims. If we reform al-Azhar, we will subsequently reform the affairs of Muslims. The fact is that following the enactment of the 1961 Development Law which eliminated the senior 'ulama staff and provided that the shaykh of al-Azhar be appointed directly by the president and the Islamic Research Academy members be appointed directly by the Shaykh of al-Azhar. Al-Azhar went into a deep sleep and its voice was no longer heard as before. Al-Azhar's 'ulama have become engrossed in their private courses and personal problems and al-Azhar has indeed become paralyzed. I once said that al-Azhar had died and I fear that it will stay dead forever.

As for the reasons for al-Azhar's weakness, they are, as I have already said, the al-Azhar Development Law which jarred the doors of admission to al-Azhar enabling students rejected by general education schools to be accepted in addition to the many courses that have been added to al-Azhar's curriculum whereby al-Azhar junior high and high school students can take twice as many courses as their peers in general education schools. Moreover, these students themselves are basically weak and come to al-Azhar when they are turned down by other schools. Therefore, al-Azhar professors and officials have been forced to lower test standards and have dropped the prerequisite of memorizing the Koran. Due to the lack of interest in al-Azhar institutes, they had to lower the age requirements last year, accepting students at the age of 4 years even though the Ministry of Education does not accept anyone under the age of 6. With weak courses and weak teachers, the whole thing is a disaster. I have sponsored this matter in the Pople's Assembly and have called more than once for a reexamination of the al-Azhar Development Law of 1961.

[Question] Al-Azhar scholar Dr 'Abd-al-'Ghaffar 'Aziz: Are you restricted by party commitment as a member of the Wafd Party?

[Answer] The fact is that the Wafd has so far honored our agreement with it, especially with regard to the subject of the Islamic Shari'ah. A decision was recently issued appointing me chairman of the religious affairs committee of the Wafd Party. The committee has been formed from Muslim Brotherhood assembly members and Islamic affairs specialists. The vice-chairman is Shaykh Muhammad al-Mitrawi and the rapporteur, professor Muhammad Mahfuz Hilmi, a member of the Brotherhood. Indeed, the party leader has asked that the opposition leader sponsor, in the name of the party, Islamic Shari'ah laws prepared by the Islamic Research Academy, starting with civil laws. As for party commitment in other matters, I believe there are no restrictions on members. It is true that there is a measure of understanding or party commitment regarding certain general matters which is not a bad thing.

[Question] What is your impression of the government's position on applying the Islamic Shari'ah and how do you view the future in this regard?

[Answer] The government's position on the Shari'ah is not good. The government could have come forward with such legislation, submitting it itself to the assembly, and could have approved all laws legislated by the previous assembly, particularly since great efforts have been made and top-level committees of 'ulama and legists have been formed out of an overall number of

105 members. I have personally studied these laws and found them to be excellent. The shaykh of al-Azhar last July sent an official letter to the president of the People's Assembly asking him to take up the question of laws enacted by the previous assembly and ratified by the Supreme Islamic Research Council. The government, however, saw things differently and perhaps everyone is aware of the position of the assembly's president in this regard. He did not allow us to discuss this matter although we were the ones who came up with the idea of asking for permission to discuss the subject in the assembly. I personally was not allowed to talk about this subject notwithstanding my capacity as an Islamic Call professor. Many Islamists were not allowed to discuss the Islamic Shari'ah issue. Debate was postponed to the end of the session. This being a deliberate act by the government which led to other developments such as the convocation of international conferences, press conferences and seminars in most mosques in Egypt. Nonetheless, we have great faith in the government and hope that God Almighty will guide it on the right path, especially since we have resolved to continue our course. We have resubmitted bills dropped in the last session and I have participated with a group of assembly members, government and Labor Party members, and His Eminence Shaykh Salah Abu Isma'il, in resubmitting matters in the name of all the parties. We are in the process of resubmitting a bill to debate the Islamic Shari'ah issue, provided that such a debate will deal with the date and manner of application, starting even with a single law to show good faith.

As for my vision of the future, good will triumph in the end. God said: "The scum disappears like froth cast out while that which is for the good of mankind remains on earth." I have noticed this year more enthusiasm on the part of ruling party assembly members in adhering to this matter more than any other issue. I have talked to many of them and they have all agreed to be the first to sign the demand for determining when and how the Islamic Shari'a will be put into force.

[Question] What have Islamist deputies in the People's Assembly accomplished so far? Have bills been prepared for debate in this session?

[Answer] Some people imagine that Islamists deputies in the People's Assembly have not accomplished anything so far. This is a misconception. The truth is that they have accomplished much and their voice is being heard. Indeed, the Islamists are not only the Muslim Brotherhood deputies, but can be found in all other parties. A large number, indeed a huge number of NDP members are also Islamists who support the Islamic Shari'ah covertly. The government is very careful about the Islamists and I think that the assembly will not pass any legislation incompatible with the Islamic Shari'ah. We have actually succeeded in winning a decision forbidding the enactment of any law by the People's Assembly incompatible with Islamic Shari'ah. We are watching such laws very closely and are studying them carefully to prove to the assembly that some of them are incompatible so that it may amend them or drop them altogether.

If this is the only job of the Islamist deputies in the assembly, then it is enough. It is not the number that counts. A very small group that believes in what it is doing can bring about change. This is one thing. The other

thing, from my point of view, is that the Islamists' adherence to their principles and positions in the assembly has contributed considerably to the rift in the ruling party. We have indeed succeeded in attracting a large number of ruling party members to our side in addition to the fact that many NDP members would join an Islamic party should it be formed. I believe that over 60 members would join an Islamic party on the spot.

Some Islamic laws will soon be submitted to the assembly. The most important of these laws, from my viewpoint, is the abrogation of the 1961 al-Azhar Development Law, to be replaced by another one because this law is the cause of al-Azhar's backwardness and current problems.

[Question] We thank His Eminence Dr 'Abd-al-Ghaffar 'Aziz, hoping to meet again. The peace of God be with you.

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CSO: 4504/259

TRADE DEFICIT, OPEN-DOOR POLICY DISCUSSED

Cairo AL-SHA'B in Arabic 4 Mar 86 p 4

[Editorial by Dr al-Shafi'i Muhammad Bashir: "Open-door Economy, Trade Deficit, and Absence of our Arab Market"]

[Text] They are not three cavaliers in our Egyptian economy but rather three maladies in this economy's body.

The EEC published a statement showing the Egyptian trade deficit with the EEC countries since 1976. It is evident from this statement that we are not progressing but rather retreating year after year.

In 1976, our trade deficit with the EEC countries amounted to \$640 million and multiplied more than 2.5 times by 1984, with our total trade deficit with the EEC countries amounting to more than \$1.6 billion. This is in addition to the trade deficit with other countries of the world. This means that the gutter of importation from abroad under the canopy of the open-door economy is devouring the country's resources and spitting them into the drains of waste that flow into the sea of debts in which Egypt has sunk up to its ears.

O people, O government, isn't there among us a wise man to rationalize the open-door importation and to stem the flood of provocative foreign goods at a time when people cannot find lentils, garlic, or their daily needs at affordable prices? O you who made Camp David, tore apart the relations, and closed in Egypt's face the door to its joint Arab market which was founded in 1964, isn't there a way to correct the situation, to revive the Arab common market, and to open wide the doors of this market and of the African market to the Egyptian products, after encouraging these products and creating the right climate from them?

Or is it that we will continue to live in the circle of poverty and impoverishment and the circle of begging?

8494/12947

CSO: 4504/233

MUSLIM FUNDAMENTALISTS EXPRESS HOPE IN JOINING EXISTING PARTIES

Cairo AL-NUR in Arabic 26 Feb 86 p 3

[Interview with Shaykh Salah Abu Isma'il, People's Assembly member, and other Muslim fundamentalists, by 'Abd-al-Sabur Fadil: "Islamic Groups' Reservations; We Want Political Participation in Islamic Manner; Some Parties Have Deceived Masses, So How Can We Join Them?"]

[Text] Members of the Islamic groups expressed their hope to join a political party meeting the conditions that enable them to participate in the political life in a manner that satisfies Islam, achieves positive accomplishments, and brings society, both Muslims and Christians, good and benevolent results. They rejected the idea of joining the existing parties because they are incompatible with their principles.

On the other hand, His Eminence Shaykh Salah Abu Isma'il, a People's Assembly member, warned against dispersal of the groups within the parties, saying that a party which achieves the Muslims' aspirations will be announced in a few days and that the reader may read these words on the dawn of an imminently expected day, and nothing is difficult for God.

The shaykh also said that active consultations are currently going on day and night and that all we have to do these days is to organize our ranks accordingly.

In its previous edition, AL-NUR posed the idea of the Islamic groups' joining political parties to a number of 'ulamas and intellectuals. Some of them welcomed the idea and appealed to the Islamic groups to join the parties quickly so that they may exercise their right to political participation and others expressed their reservations on and opposed the idea for fear that the groups will be dissolved and fragmented within the parties.

In this edition, we pose the idea to a number of members of the Islamic groups and to His Eminence Shaykh Salah Abu Isma'il in his capacity as representative of the Islamic tendency in partisan, parliamentary, and political life. So what did these people say?

At the outset, Hamid 'Abd-al-Majid, an instructor at the political science branch of the Economics and Political Science College of Cairo University,

said: In the "political sense," the parties generally are a part of the political system, the opposition is a part of the existing regime, and the existing parties in their entirety are either completely candid or de facto or they work to employ religion as a starting point to attract people to them.

As for the Islamic groups, they offer a totally different alternative emanating from Islam and in disagreement with the principles offered by the existing parties.

If the call urging the groups to join the parties is sincere, then it must be addressed to the current regime that has permitted all the tendencies to be present while banning the tendency which we claim is the strongest popular tendency in the arena. The call should be addressed to the regime to allow the Islamic tendency the freedom of a real return to the Egyptian street. The practical step to achieve this is the return of the Muslim Brotherhood. Action emanating from Islam may produce numerous alternatives to correct the existing situation.

Suspect Call

[Question] But your joining the parties will enable you to participate in and influence the political life, even if in the long run?

['Abd-al-Majid] The question is not a question of exerting an influence or something similar. The question is: Do these people accept the Islamic solution, which is what the majority of the Egyptian people seek? Moreover, why don't they allow the Islamic groups to form their independent party and why do they oppose the return of the Muslim Brotherhood? I believe that they reject the Islamic alternative.

The call urging the groups to join the political parties under the current circumstances and under the given facts of the current situation is a suspect call intended to contain the Muslim youth and to foil their effort.

Conflict with Religion

Fu'ad Hamid, a graduate of the Science College, added that it is well known that any existing party is founded on a political basis. This being the case, such parties are in conflict with religion on numerous points. This is proven by the fact that the Muslim Brotherhood joined the Wafd with the aim of implementing the Islamic Shari'a. But this never materialized. What is more, the Wafd itself finally disavowed this principle. Moreover, all parties, including the Communist Party, called for implementing the Shari'a during the election campaign, but to no avail.

Parties Deception

It is thus obvious to us that the parties deceive the masses. As long as I am aware that my interests and objectives have not been met, I will not try to join any party even though I hope to find someday a party that enables me to participate in political life in a manner that satisfies Islam and reaps

benefits for society, without discrimination. Therefore, the state must give the religious tendencies the right to express their will through legitimate channels.

Leadership Is Impossible

[Question] Don't you think that your joining the parties will enable you one day to hold leadership positions through which you can achieve your objectives?

[Fu'ad Hamid] Accession to the parties by members of the Islamic groups has not enabled and will not enable them to hold positions within the parties, contrary to what the parties claim. This is proven by the fact that intervention in the student unions' elections in the universities still goes on with the aim of keeping the Islamic elements out of the leadership positions. So how could they be permitted a voice within the parties?

What is more obvious is that the state has permitted the founding of a communist party which has its influence on the groups of uneducated people. Moreover, the state alleges that the Islamic Shari'a is the source of the constitution. Meanwhile, the Islamic groups are fought. There is no doubt that this is not in the state's interest. Rather, it is better for the government to encourage these elements because the groups are fully concerned with the country's interest and are eager not to undermine the country's security or the institutions that serve the country's interests.

Abortive Experiment

'Ali Mursi 'Ali, who holds an M.A. in Islamic preaching from al-Azhar University, said that he does not support the Islamic groups' accession to the parties because there are two parties only: God's party and the devil's party. God's party is founded on the Koran and the Sunna and its slogan in all matters of life is always: "There is no god but God and Muhammad is God's prophet."

As for accession to the existing political parties, it is an abortive experiment, as proven by what happened to the Muslim Brotherhood in al-Wafd Party. It is well known that no pious man who has entered a party and then represented it in the People's Assembly has been able to say the word of truth. If he says it, it is not accepted or heard. A sincere Muslim cannot attain a leadership position in the parties or in the state generally.

Capitalist and Socialist

Husayn Hasan Jubayl, who holds a B.A. in information, said that he rejects the call urging the Islamic groups to join the parties because this call is tantamount to supporting what some people say about the presence of a capitalist Islam and a socialist Islam. Moreover, this call disperses the Islamic action. Most of these parties are secular parties that use Islam as a slogan. Joining a party means abiding by the party's principles and rules and swerving from these principles and rules means departure from the

party. Any reform endeavor by the Islamic groups within the framework of the parties that they join must be compatible with the party's basic program. Can reform be achieved practically in such a case? I believe that such a possibility is small.

We Do Not Demand Shari'a Only

Jubayl added: The Islamic groups do not demand the Islamic Shari'a only but demand what is more comprehensive and general, including the creation of an Islamic society. We have not heard of this objective in any of the parties' programs.

To conclude, the members of the Islamic groups refused to have their photographs published and others, who have declined to reveal their names, said that they refuse to join any of the existing parties.

Intellectual Parties and Greeds

We asked Shaykh Salah Abu Isma'il for his opinion on the Islamic groups' position toward this call.

Shaykh Salah Abu Isma'il commented on the Islamic groups' position toward the parties, saying: In my opinion, the parties are very much like intellectual creeds. As we do not accept an intellectual creed unless it believes in the Koran and the Sunna, in God as the Lord, in Muhammad as the prophet, and in Islam as a law, then the parties must be so.

He asserted that some of these parties are secular and must, therefore, be rejected because they call for separating the church from the state, even though they pretend to advocate Islam to deceive people. Other parties openly declare their hostility to Islam and place an obstacle in the face of implementing it, like those who have written a lot against Afghanistan's strugglers. Such parties must be rejected in a country like Egypt, which has its deep roots, its al-Azhar, its history in repelling the Tatars and the enemies, and its heroic Islamic stances throughout history. There are also parties that may welcome the principle that there can be no interpretation where there is a provision. If God has made His decision on an issue, then the final word is God's and the decision is what Islam dictates. These are the parties that I choose and call for choosing.

I Warn Against Dispersal

At the same time, Shaykh Salah warned against dispersal and fragmentation of the Islamic current among the parties, saying: I hope that the Islamic current will focus on joining the party chosen. A new dawn will break soon with a strong and united hope, with each part of this hope supporting the other like a single body and a single hand.

Organizing Ranks

All we have to do these days is to organize our ranks accordingly. A week will not perhaps pass before we declare the party which we view as a path toward these objectives. Active consultations are currently going on day and night. We believe that this is the path and the reader may be reading these words when a new dawn has broken, and nothing is difficult for God.

8494/12947

CSO: 4504/234

FLEXIBILITY IN USSR LEADERSHIP WELCOMED

Cairo AL-AKHBAR in Arabic 7 Mar 86 p 3

[Commentary by Jalal-al-Din al-Hamamsi, "Smoke in the Air:" "The Weekly Chatter of the People Is that They Are Changing for the Better"]

[Text] The leader who changes as the situation demands, indeed, not just in word, is a leader with a powerful personality, full of good intentions, who makes the masses feel that he is not just a repeat of the one before him.

It is clear, so far, that the new Soviet leader, Gorbachev, is this type of leader. He is decidedly different from the others who have sat in the seat of leadership in the Kremlin. He does not want his people to be blocked by hypocrites who praise or extol the saintliness of the Soviet leaders.

The annual convention of the Communist Party was recently held. The Soviet leader addressed it in a 5 and 1/2 hour speech. In following sessions the members addressed speeches commenting on Gorbachev's speech or analyzing domestic and foreign affairs.

For the first time, words of praise for the Soviet leaders or affirmations that everything that had been achieved had been due to their directives were missing from the speeches, although one speaker, the chief of the Soviet cinematic directors, found it very difficult to escape the custom of praising the man sitting in the seat of leadership. He began his speech saying: "I am confident of the depth of the leader's analyses. After comrade Gorbachev ended his speech, which lasted 5 and 1/2 hours, I felt very sorry about the brevity of the speech because I found it unavoidable to direct thanks to him for this clear lesson that he gave us."

Gorbachev, sitting on the main platform, approached the microphone and addressed the audience, saying: "I ask the comrade to avoid reference to my name." The great meeting hall shook with applause. Another time, one of the senior directors felt unable to avoid the "spirit of the past," and he directed his speech to Gorbachev, responding to his observation, and said: "this is the second lesson that we must understand well."

That same evening the radio and television networks in the Soviet Union carried this exchange of dialogue between the Soviet leader and one of the

members as one of the elements of their commentaries on the changes that have happened to Soviet thought. The commentary was not abbreviated, rather, the dialogue was broadcast as a call for everyone to abandon the worship of individuals. In a separate commentary, the Moscow city chief warned against returning to the ways of the past that had treated the Soviet leadership, whatever the personality that occupied it, as if it had been a miracle worker, and as if nothing had happened save by its directions.

The Moscow city chief added: "We must be humble and believe in work and cooperation, including that between the rulers and the ruled. This is because we have been strangled, from the beginning, by what is called "worship of the individual."

This new direction, or this change which the Soviet leader Gorbachev has introduced, is not just rhetoric, but is part of an official policy which is intended to change the Soviet people gradually into a people with a special nature, personality, and thought. There is no more certain proof of this direction than that the picture of the Soviet leader does not seem to have appeared in the newspapers, which is unusual. This is based on sharp criticism by the Soviet leader himself. Moreover, the streets of the major Soviet cities are now devoid of the large pictures which the people remember. The Soviet leader, that is, Gorbachev, is a man who wants the people to remember him by his works and his accomplishments, not by his picture in the newspapers, on the television, or in the streets.

A few days ago, Egyptian television broadcast a film about the current developments of the war between Iran and Iraq transmitted by Iraqi television, which said, "this is how the forces of General Saddam Husayn are fighting..." There was no mention of the name of Iraq or of the "forces of the people." Rather, the words were limited to praise for the leader alone, praise for just one person. Does this increase the value of the person or does it diminish the value of the people?

What we need is the end of worship of individuals and a change to humility, which will lead the people to profit from all of their battles, both here and abroad.

12780

CSO: 4504/261

DEMAND TO REOPEN DEBATE ON APPLICATION OF SHARI'A

Cairo AL-NUR in Arabic 12 Mar 86 p 1

[Article by Mahmud 'Atiyah: "One Hundred Members Sign a Demand to Reopen Debate on the Shari'a; The Members Exert Party and Government Pressure and Side with the Authority of God"]

[Text] Members of the Islamic Movement in the People's Assembly yesterday presented a demand to the secretary of the assembly to reopen debate on the issue of the application of the shari'a. More than 100 deputies, affiliated with all of the parties represented in the assembly, signed the demand. Dr 'Abd-al-Ghaffar 'Aziz, a professor in the Islamic Mission College in al-Azhar University and a member of the People's Assembly for the Wafd Party, was nominated to be the spokesman for these members.

Doctor 'Abd-al-Ghaffar said that presentation of a demand to reopen debate in the People's Assembly on any issue requires the signature of 20 deputies. The demand to reopen debate on the issue of application of the shari'a was signed by more than 100 deputies in the assembly.

Doctor 'Aziz added that the date to begin debate in the assembly on application of the shari'a will be set this next Sunday. He explained that the basic goal of presenting this demand is to reveal the government's real intentions in the matter of application of the shari'a and to demonstrate these clear intentions to the people, especially since there are two shari'a draft bills in the People's Assembly. One of them stipulates its codification and preparation for its application and the other stipulates cleansing the existing laws of that which is contrary to the shari'a. But, unfortunately, no serious steps have been taken in the direction of implementation of either of these two laws. He explained that the government only wants to waste time.

Dr 'Abd-al-Ghaffar 'Aziz emphasized that he felt a strong sentiment on the part of the members of the People's Assembly to agree to the demand to reopen debate on application of the shari'a. Among those who signed this demand for the first time were counselor Mumtaz Nassar, the leader of the opposition and a member of the assembly from the Wafd, Yasin Siraj-al-Din, 'Alawi Hafiz, and Sami Mubarak, all from the Wafd, in addition to deputies who had signed the demand previously, including Shaykh Salah Abu Isma'il, the vice chairman of

the al-Ahrar Party, Shaykh 'Atiyah Saqr, Shaykh Ramadan 'Urfah and Major General Sa'd Amin 'Izz-al-Din, all from the National Party, and a group of Muslim Brothers in the Wafd Party.

Dr 'Abd-al-Ghaffar 'Aziz disclosed that, in spite of the pressures by officials in the National Party on members of the party in the People's Assembly to refrain from stirring up the issue of application of the shari'a, a great many of them rejected these pressures and signed the demand.

On another matter, members of the Islamic movement in the People's Assembly have undertaken preparation of a study of a draft law with the aim of amending the law on the development of al-Azhar issued by former president Jamal 'Abd-al-Nasir, rescinding the special government decree appointing the shaykh of al-Azhar and issuing a decree requiring election of the shaykh, as well as the selection of members of the Islamic Research Academy on the basis of integrity, and changing the rules for work in the educational institutions and organizations in al-Azhar.

Dr 'Abd-al-Ghaffar 'Aziz said that another study is being prepared by members of the Islamic movement for a draft law pertaining to workers in the field of the Islamic mission, and establishment of an association for the missionaries, including preachers, missionaries, professors of the Islamic mission in the universities, and those interested in the Islamic mission.

12780

CSO: 4504/261

ISLAMIC ROLE IN NATIONAL REVIVAL DISCUSSED

Cairo AL-SHA'B in Arabic 4 Mar 86 p 4

[Editorial by Dr Muhammad Rida Muharram: "Islamism of Revival Plans"]

[Text] All agree that crises are deep-seated in our Arab homeland at both the pan-Arab level and the regional level. The talk about a pan-Arab crisis or a national crisis is no longer surprising.

Many exert strenuous efforts to visualize revival plans for the Arab homeland as a whole or plans for a national revival and offer the intellectual, organizational, and procedural frameworks for these plans. The Arab intellectuals and experts concerned agree on many things and disagree on other things connected with the plans to overcome the existing crisis or crises. When visualizing a plan's cultural and intellectual framework, they agree that it should be popular, revolutionary, pan-Arab, civilizational, and forward-looking. But as soon as they take steps in the direction of definition, divergence and disagreement emerge among them.

To some of them, secularism, as a minimum, and socialism or capitalism, as a maximum, must be one of the components of a plan. These people view secularism as the means to stage in the Arab homeland an intellectual coup that uproots the delusion created by hidden intellectual predominance in analyzing occurring phenomena. The most flexible positions of such people are reflected in their demand for (permitting) religious criticism, even though they doubt that such a thing will happen, especially since religious thought in the area has been suffering from prolonged stagnation.

On the other side, there is a group, not to say groups, that is extremely concerned with the Islamic component of any proposed revival plan. These groups are not reluctant to demonstrate their suspicion that any plan categorized as secular (or rational) will consequently lead to the demand of liberating the Arab mentality from religion and to the separation of church and state in daily life.

What concerns us is to point out that the revival plans which some think of as Islamic--and which must be Islamic--do not automatically lead to a conflict with secularism, with the requirements of real life, with enlightenment, or with the future. We are also eager to point out that the characterization

of revival plans as popular, revolutionary, or pan-Arab cannot be a sound characterization in the absence of the Islamic cultural component. In this respect, the following points can be underlined:

1. For a plan to be revolutionary, it means, first of all, that such a plan be devoted to working with and for the masses. A plan is not popular if those proposing it do not adapt it to the masses' aspiration and sentiments and to the cultural makeup of the broad masses. At the same time, such a plan must not confiscate the need for development and progress and for properly influencing this popular cultural makeup in the future. Moreover, such a revival plan cannot be pan-Arab unless it relies on the given hereditary cultural fact pertaining to the masses (peoples) existing in the area and living their lives on the basis of the experiences of the age and of their cultural and intellectual heritage.

If the main component of the area's cultural heritage is Islamic, if the main part of the modern cultural output is also Islamic (despite the reservation expressed by some toward this kind of output), and if the masses which a plan seeks to revive are strongly loyal to Islam and extremely proud of their pan-Arab cultural heritage, then confiscation of the Islamism of the proposed revival plan means its failure at the pan-Arab level, the popular level and, consequently, the revolutionary level.

2. Let us be honest in our knowledge and honest with ourselves and with the masses and let us admit that the Western concept of secularism means managing all social and state affairs in the absolute absence of religion and that secularism means denying divine revelation and, subsequently, religion as a source of knowledge. If this is true, then it is impossible to attract, not to say persuade, the Arab masses to participate in a plan founded on this Western concept. If the masses are absent, then revolutionism and pan-Arabism are absent.

3. If some intend secularism to mean that there should be no religious government, meaning that clergymen should not hold secular power, then this is the essence of the true concept of Islam and of the role of the ruling authority in society. In Islam, government is civilian in origin and tendency, even though preserving religion is one of its responsibilities. Moreover, there is no ecclesiasticism in Islam.

If some mean by secularism that we should consider causes in analyzing phenomena and in dealing with the (tangible, measurable, and comprehensible) material objects, then this is a rule of the Islamic Shari'a and swerving from this rule means deviation from the sound understanding of the given Islamic religious facts.

This means that in some of its aspects, secularism may meet with Islam and that it is an Islamic duty to enact secularism in the tangible world (but not the supernatural world). This also means that Islam encompasses the positive in both secularism and rationalism. This being the case, arousing the masses to participate in a cultural revival plan can be achieved by characterizing such a plan as "Islamic." It may be beneficial to avoid the

cheap use of vague, alien, or indeterminate concepts when dealing with the masses so that the reactionary and retrogressive forces may not be given the opportunity to incite the masses and to dissuade them from participating.

4. In essence and in phraseology, secularism means "worldliness." The secular is the worldly; i.e., that which confines its knowledge and dealings to material objects throughout the individual's short life. Islam tells its followers: "Work for your world as if you will live forever." The prophet, may God's peace and prayers be upon him, even says: "If the end of the world comes while one of you is holding a seedling and he can plant it, then let him plant it." This means that the world and worldly affairs are at the heart of Islam's focus. Material interests in Islam are not a heresy nor a deviation from the religious path. Ecclesiasticism is rejected by Islam and mysticism is a heresy. The Koran frankly instructs the Muslim not to forget his share of the world and the Koran exclaims: "Tell me, who has prohibited the good things with which God has blessed man?" Though Islam instructs the Muslim to extend his sight beyond the worldly and the material, it is wrong for us to quarrel with the material just because a strong interest in the material is a Western way. If Islam establishes integration between the intellect and day-to-day living and between the traditionally conflicting dualities (religion and the world, matter and nature, and so forth), then it is our utmost duty to turn to Islam directly when there is no possibility of benefiting from the given facts of the others. If this direct turning to Islam occurs on the part of the intellectuals, then the masses will inevitably rally behind such intellectuals on the path of civilizational revival.

5. Religious criticism, like jurisprudential interpretation, is legitimate and permissible, even dictated by Islam. Historically, there have been numerous scholastic Islamic, jurisprudential, and political schools. Like interpretation, the stagnation of religious criticism might be the result of the civilizational degeneration that has been going on in our Arab area for centuries. But the door to neither interpretation nor criticism has been closed. There has not been, there is not, and there will not be in Islam an ecclesiastical institution with the final word on any religious or secular issue. If a secular authority exploits religion for the purpose of oppression, then such an authority is the same as the revolutionary rulers who oppress the toilers to build socialism and the liberal rulers who rob the people to achieve prosperity! Consequently, the apprehension among some people over acknowledgment of the importance of the Islamic component in any Arab revival plan becomes an unjustifiable and unacceptable apprehension.

To sum up, the "Islamic" quality must head the qualities that have to be present in any pan-Arab revival plan. If this does not materialize, then the masses will not rally behind such a plan. Moreover, it will be impossible under any circumstances to characterize such a plan as revolutionary or pan-Arabist.

8494/12947

CSO: 4504/233

EGYPT

CURFEW APPEARS AS BENEFIT TO WIVES

Cairo AL-AKHBAR in Arabic 7 Mar 86 p 10

[Column by Ahmad Rajab: "Half A Word"]

[Text] The curfew is about to end. In the secure quarters, the curfew appears to have been a great benefit for the wives; for the first time, the authorities, rather than the wives, took charge of determining that husbands would stay at home after sunset. Thus, the curfew demonstrated that people have the right to marry and that nothing will prevent a person from marrying even if this is done in broad daylight. No matter whether the curfew achieved its security goals, it nevertheless can be blamed for an inroad of television programs and parties on those who were safely in their homes.

12780

CSO: 4504/261

WOMEN'S FEDERATION HEAD DISCUSSES WOMEN IN WAR

London AL-TADAMUN in Arabic 22-28 Feb 86 pp 65-66

[Interview with Manal Yunus al-Alusi, Director of the General Federation of Women, by As'ad al-'Aquli; in Baghdad, date not given]

[Text] Given the ever-changing situation, the roles of the various segments of society have been growing in importance, in particular that of women, whose increasing contribution has been one of the most exemplary features of the battle to defend the homeland. The woman is a loving wife to the fighter, tireless in raising his sons, and managing the household. She is the fearless mother, unselfish with her sons who defend the honor of the Iraqi people. She is the one who is prepared to fight in the ranks of the people's army, or the worker who helps increase production and productivity in order to support the national economy and the war effort. She is the nurse who volunteers to treat and bandage the soldiers' wounds, or the one who contributes her blood, gold, and money, to say nothing of the growing role of women in all aspects of everyday life.

In order to illuminate the contribution of Iraqi woman to the struggle, AL-TADAMUN met with Manal Yunus al-Alusi, director of the General Federation of Iraqi Women, who described the new situation of women in a time of war. What can be said about it? The interview began with the following question.

[Question] It is said that the significant participation of women in the war effort has its roots in the years before the war, through participation in the country's development. What is your view on this?

[Answer] This observation applies to all of Iraq, and to all aspects of economic, social, cultural, and intellectual life and can be considered perfectly accurate with regard to Iraq as a whole. Were it not for the accomplishments in development throughout the years of the revolution from 1968 to 1980 and the establishment of a material and technological basis for development, it would not have been possible to enter the war with the high level of expertise that you have witnessed for more than 5 years. The victories that we have achieved are evidence of the extent to which progress has been accomplished in all areas. The same phenomenon is evidenced also in the continued impetus given to development throughout the years of the war.

The same situation applies to Iraqi woman. During the remarkable course of the second national development plan for the years 1976-1980, up until its final year during which the Iranian regime launched its aggression on Iraq on 4 September, we would say it saw development in social conditions and not simply in terms of the economic situation. More rights were granted due to the acceptance and responsiveness of society. Our leader had a substantial and decisive role in this historic process of change.

[Question] The Iraqi woman has shaped her own experience in regard to participating in the war effort. What indications are there of this experience?

[Answer] There are many indications of the ability of Iraqi women to contribute to the struggle to defend the homeland. Without being exhaustive, I could mention some examples. They have contributed directly to civil defense by urging people to abide by directives issued in this regard and have been involved in fighting fires and rescue operations during air raids. 48,013 women participated from September 1980 to December 1984. They visited the front without interruption despite fierce fighting making a total of 4,285 trips, each one involving large numbers of women.

Another significant instance is that women have volunteered to work in hospitals, caring for wounded soldiers as well as civilian victims of air raids and shellings. Iraqi women have thereby demonstrated that they are capable of accomplishing a great deal despite the continuous pressure of work. It is perhaps useful to point out that this experience has given Iraqi women sufficient expertise and basic knowledge through the six months of instruction given to women volunteers in the basics of nursing care. The positive effects of the current experience in all its features and developments will doubtless be felt, not just now, but in the future as well. A total of 14,829 women volunteered to care for the wounded in hospitals between September 1980 and December 1984. Iraqi women have made their mark in volunteering for combat by enlisting in large numbers in units of the people's army. They have stood fearlessly in the training fields next to their brothers for the sake of military preparedness, ready to fight the enemy and protect the domestic front, thus joining in the important role played by the people's army in the war. The number of women trainees for this same period was 110,099. A total of 219 women died for their country through the end of 1984, 29 of them in air raids, 187 from shelling, and 3 from explosions.

Iraqi women have vied with each other to take part in the fighter's proud and glorious journey and for the honor of receiving the badge of heroism and self-sacrifice, strengthening the effectiveness of her role in the struggle, not just in the home and with the family, but in terms of human contribution in battle at a time of war. They fortified the domestic front, during the period mentioned before; 67,075 volunteers knocked at the doors of the blood banks and gave 68,391 units of blood; 38,760 trainees took courses to learn to type and drive public and private vehicles; 45,863 women participated in campaigns for production, 17,813 of them in industry, 14,152 in agriculture, and 13,898 in the service sector. Women organized 303 production markets in addition to 807 people's markets, the profits of which were committed both to the war effort and to deepening the participation of women in supporting the spirit of

victory. Not to mention their affective participation in consumer planning and their momentous efforts in the workplace. The same applies to their active participation in the campaigns to contribute gold and cash, which has taken on a completely patriotic character.

[Question] It is evident that women have participated in the war effort in ways that are quite varied, both directly and indirectly. How might you categorize these different forms of participation in terms of their importance and priority?

[Answer] Of course, the war in which Iraq is now involved is not routine. It is a long war, stretching along a wide front formed by the entire border with Iran. Perhaps one of the most striking features of our resistance to this aggression has been that at the same time, Iraq has continued the process of domestic development and comprehensive growth. The results of the two battles cannot be separated from each other. Iraq's ability to steer the course of the national economy and secure continued economic and social growth gives support to the Iraqi guns that are carrying out their just and legitimate role of defending the homeland and solidifies the tremendous victories achieved by our armed forces on the military front.

Given that the war effort is a unified one, then as long as there are no significant disruptions in the process of increasing the level of production, steering the national economy skillfully and effectively achieving the goals of the development plans will result in a positive affect on military operations, their effectiveness in confronting aggression, and the potential for achieving and consolidating victories.

In order to mobilize the country's resources as fully as possible, the dynamics of the entire society must be coordinated in the most detailed manner, and this, particularly, on the economic and military fronts. All the processes of development, growth, and defense must move in one direction, in a concerted and mutually beneficial effort.

In this context, I find it difficult to assign relative importance on the basis of priorities or to give more attention to one issue rather than another. In fact, the results and progress that we have achieved have been due to striking a balance. We start from the concept of assigning roles, so that for every task and function, there is someone to carry it out. It is on this basis that coordination efforts proceed, the wheel of development turns, and life proceeds. None of the elements of progress and victory have experienced any failures that would affect the course of the accomplishments made during the period of the war.

The Woman Recruit

We asked Manal al-Alusi to indicate her views on the prospect that Iraqi women will become increasingly involved in military life. She explained:

[Answer] This is a very important matter worthy of careful attention. We have considered it from two points of view. The first is the growing participation of women in military life in developed countries and second, indications of development in our own country.

If we go back several decades and ask ourselves how many women students and teachers were given the opportunity to study and teach in the thirties, and the same for working women, we find that there were no more than 500 students and only 15 teachers. In contrast, the course of education at present is thriving, with millions of women students entering the field of education at various stages, and with the number of women teachers being measured in the hundreds of thousands. The same applies to women in the areas of industry, production, or ceramics.

As for women and the armed forces, it is known that women started to participate in certain aspects of the armed forces in 1978, two years before the war of aggression was declared on Iraq. Indications from social development are that it is possible, indeed certain, that women will participate more extensively in military life in the future. In reality, it is inevitable that the development resemble the proliferation of generations, starting small, and then getting bigger and bigger.

The Shining Horizon

[Question] What is the future of women's participation in the war effort?

[Answer] We can get an indication of the shining horizon for women's participation in the war effort on the basis of the nature and scope of the effort they have made during the years of the war. Naturally, this participation will continue to be varied and widen as long as the will is strong and firm. The country's leadership has adopted this kind of direction which receives the approval and response of society and is in concert with its direction.

Thus, the future prospect of participation by women is dictated by the strength of her will to get involved in all aspects of society's development, in conjunction with the direction of a pious leadership, which has adopted a process of change in the entire movement forward. There is also the effect that this participation has had on social development in all its aspects. Furthermore, its nature and scope are determined by the new roles and functions for women in the war effort and the total upward movement of society.

12727
CSO: 4404/239

ECONOMIC TRENDS, RECESSION DISCUSSED

Beirut ARAB REPORT & MEMO in English 25 Feb 86 pp 2-8

[Article by Sisharah Baroudi]

[Text]

Kuwait's economic worries, a stifling recession and the legacy of unsettled bank loans from the 1982 Souk al-Manakh unofficial stock exchange crash, were recently overshadowed by reports of an Iranian advance across the Shatt al-Arab waterway. While Iran's territorial gains through its latest offensive are not yet confirmed, Baghdad has already admitted that the Iranians have crossed the waterway, but at a great cost in terms of casualties. Whatever the Iranian progress, it is alarming enough for Kuwait, which heard itself referred to by Tehran Radio as Iran's new neighbour.

Quite apart from the direct territorial threat that the Gulf war has presented to it, Kuwait's blatant support of Iraq in the conflict has, in recent years, placed a heavy strain on its finances. Despite the marked decline in demand for Opec oil and the sharp drop in crude oil prices, Kuwait agreed in 1984 to sell its share of oil production from the Neutral (or Partitioned) Zone, which it shares equally with Saudi Arabia, for Iraq's account. Last year, it sold 125,000 barrels of Neutral Zone oil on behalf of Iraq, but it is not clear whether the agreement will be renewed for 1986 now that the Iraqi pipeline through Saudi Arabia to the Red Sea port of Yanbu is completed and operative.

While Kuwaiti cash aid to Iraq has stopped, political support continues, as evidenced by official Kuwaiti reactions to recent overtures by some GCC countries to Iran. As the threat to its security grows nearer, Kuwait today seems to have placed its bets in the Gulf conflict and there is little room left for it to manoeuvre.

The imminent threats to Kuwait's security, pending a confirmation of Iran's military progress, may now be expected to produce more serious and tangible repercussions on the Kuwaiti financial scene. It will take the form of a Kuwaiti private funds outflow to foreign currency deposits overseas.

Until recently, the Kuwaiti financial sector had reacted to the war in neighbouring Iraq with remarkable coolness, and there has been no substantial outflow of capital. What little funds have gone out of the country have been tempted more by the attraction of higher interest rates on dollar deposits than by fear of leaving wealth at home. But Kuwaitis may now begin to view the issue differently and the outflow of private capital may increase considerably this year.

On the broad economic and financial fronts, Kuwait, a pioneer among Arab Gulf countries in the diversification and rational deployment of its surplus oil receipts in the 1970s, is

well braced for the painful recessionary tide that has been sweeping the Gulf since 1982 when oil conservation policies in the industrialised nations started to be felt in the form of reduced world demand for crude oil and rising non-Opec oil production and exports. The immunity that Kuwait commands by virtue of income from its investments is best seen in the fact that in the fiscal year 1984-85 the overall balance of public revenues and expenditure, excluding investment income, shows a deficit of close to KD 460 million (\$1,525 million), which is more than offset by income from investments, leaving a net surplus of KD 670 million (\$2,221 million).

There is no room for complacency however. Kuwait's economy manifests the same symptoms observed in the Gulf countries at large, namely reduced income from oil exports, that may worsen if oil prices remain at their depressed levels, and expenditure commitments are maintained.

However, another advantage that Kuwait enjoys is that, unlike most of the other Gulf countries (particularly Saudi Arabia), it is not locked into major development projects that require huge annual allocations in the budget to the extent that they constitute a chronic drain on already ebbing revenue. Nonetheless, retrenchment is still in sight for 1986, particularly with an oil price war in the offing.

Oil sector sets the beat

When the oil market began to soften in the early 1980s, Kuwaitis viewed it as a transient phenomenon that would soon change, and therefore saw no need for long-term structural adjustment. But the successive reductions in oil production and exports since then, whether dictated by oversupply of oil or by Opec's production quotas, have left a marked toll on the economy. In 1984, GDP grew by an insignificant 0.2 percent, compared with a 7 percent growth rate in 1983. The meagre growth was due mainly to a 6 percent contraction in the oil sector, which ate up the growth achieved by non-oil sectors.

Although Kuwait has traditionally been a conservationist when it comes to oil production, the quotas imposed by Opec and the scaling down of member-countries' production were by far lower than any production limit it had set for itself in the past. During the second quarter of 1985 Kuwait produced an average of 960,000 b/d, down 21 percent from the level for the corresponding period of 1984. Oil exports experienced an even sharper contraction of 55 percent from the second quarter of 1984. In 1984 as a whole, Kuwait is estimated to have produced an average of 1 million b/d, against a daily average of 880,000 b/d in 1983 (excluding Neutral Zone production which was sold on behalf of Iraq), and its revenue from oil exports was estimated at \$9.2 billion.

Oil production in 1985 as a whole, however, was estimated at an average of 1.067 million b/d, a 7.8 percent drop from the average daily production of 1.167 million in 1984. Exports also dropped from an average of 505,000 b/d in 1984 to only 340,000 b/d in 1985, a 33 percent fall.

The erratic and highly unpredictable performance of the world oil market with which Opec had in the past two years tried to cope has meant a larger deficit in the country's actual budget for fiscal 1984-85 than was originally expected. A report by the Kuwaiti government's Accounting Board on the closing accounts for the 1984-85 budget shows that revenue from the sale of crude oil had fallen under budget by close to KD 320 million.

There were other disappointments in terms of actual revenue, particularly in revenue generated from gas sales, from taxing income of oil companies, royalties paid by oil companies and customs duties. Combined revenues from those sources were some KD 160 million short of target. The result was that the actual budget deficit, strictly defined (revenues not including income from investments), amounted to KD 460 million, with actual revenue totalling

KD 2,744 million and expenditure reaching KD 3,204 million.

Under Kuwaiti budget law, however, 10 percent of actual revenue, or KD 274 million, is earmarked to the Kuwaiti Fund for Future Generations while another KD 30 million is allocated to the Kuwait Fund for Arab Economic Development. Together, those allocations increase the total actual deficit in state finances to KD 764 million. Under the budget law, the deficit is to be covered by drawings on state financial reserves, which are regularly fed by income from government investments. In fiscal 1984-85, such income amounted

to KD 1,154 million, thus leaving an actual surplus of KD 390 million.

The closing accounts of public revenue and expenditure in the fiscal year ending June 30, 1985 also show that government reserves amounted to KD 11,432 million, a 2.8 percent drop from the previous year's level of KD 11,760 million. The government reserve comprises the General Reserve and the Fund for Future Generations. At the end of June 1985, the General Reserve stood at KD 11,433 million, or KD 327 million down from the previous year's level. The decline was mainly due to the fact that the Kuwaiti government had

SUMMARY OF PUBLIC REVENUES AND EXPENDITURE

(KD MILLION)

| Fiscal year, ending June 30 | 79/80 | 80/81 | 81/82 | 82/83 | 83/84 | 84/85 | 85/86 | | | |
|---------------------------------------|----------|----------|----------|----------|----------|-----------|-----------|--------|-----------|--------|
| Budget &/or Closing Account | C/A | C/A | C/A | C/A | C/A | Budget | Budget | %Chge* | Budget | %Chge* |
| A. Revenues | 6,088.0 | 4,659.3 | 2,985.2 | 2,566.6 | 3,174.6 | 3,037.0 | 3,227.0 | +5.2 | 3,116.0 | -3.4 |
| 1. Oil | 5,940.5 | 4,434.2 | 2,764.1 | 2,334.6 | 2,924.6 | 2,787.6 | 2,912.6 | +4.4 | 2,801.9 | -3.8 |
| 2. Non-Oil | 147.5 | 225.1 | 221.1 | 232.0 | 250.0 | 249.4 | 314.4 | +26.1 | 314.1 | -0.1 |
| B. Investment Income (1) | 880.3 | 1,743.9 | 1,364.0 | 1,657.1 | 1,288.6 | - | - | - | - | - |
| C. Expenditure | 2,192.4 | 2,629.6 | 3,092.4 | 3,158.0 | 2,922.4 | 3,376.3 | 3,578.4 | +6.0 | 3,431.5 | -4.1 |
| 1. Current (2) | 1,465.6 | 1,745.5 | 1,989.8 | 2,276.2 | 2,089.7 | 2,563.9 | 2,615.8 | +2.0 | 2,587.4 | -1.1 |
| a. Wages & Salaries | - | - | - | - | - | (719.9) | (724.2) | +0.6 | (723.0) | -0.2 |
| b. Goods & Services | - | - | - | - | - | (517.2) | (503.3) | -2.7 | (425.0) | -15.6 |
| c. Transport Equip. | - | - | - | - | - | (38.4) | (29.7) | -22.7 | (30.0) | +1.0 |
| d. Other | - | - | - | - | - | (1,288.4) | (1,358.7) | +5.5 | (1,409.4) | +3.7 |
| 2. Development | 462.9 | 492.3 | 658.4 | 661.9 | 610.8 | 662.4 | 812.6 | +22.6 | 694.0 | -14.6 |
| 3. Land Purchase | 263.9 | 391.8 | 444.2 | 219.9 | 221.9 | 150.0 | 150.0 | 0.0 | 150.0 | 0.0 |
| D. Capital Allocations | 664.6 | 985.0 | 929.8 | 290.2 | 347.5 | 333.7 | 352.7 | +5.7 | 341.6 | -3.2 |
| 1. Res. Fund for Fut. Gen. | 614.6 | 935.0 | 854.8 | 260.2 | 317.5 | 303.7 | 322.7 | +5.2 | 311.6 | -3.4 |
| 2. KFAED Capital | 50.0 | 50.0 | 75.0 | 30.0 | 30.0 | 30.0 | 30.0 | 0.0 | 30.0 | 0.0 |
| E. Balance: Def. (-)/Surp. (+) | | | | | | | | | | |
| 1. Stricto Sensu (A-C) | +3,895.6 | +2,029.7 | -107.2 | -591.4 | +252.2 | -339.3 | -351.5 | +3.5 | -315.5 | -10.2 |
| 2. "Official" (A-C-D) | +3,231.0 | +1,044.7 | -1,037.0 | -881.6 | -95.3 | -673.0 | -704.2 | -4.6 | -657.1 | -6.7 |
| 3. Overall (A+B-C) | +4,775.9 | +3,773.6 | +1,256.8 | +1,065.7 | +1,540.2 | - | - | - | - | - |
| F. Overall Surplus | | | | | | | | | | |
| Cumulated as from 79/80 | 4,775.9 | 8,549.5 | 9,806.3 | 10,872.0 | 12,412.9 | - | - | - | - | - |

* Over previous year budget.

1. Investment income from total Government Reserves, including the Reserve for Future Generations

2. On a net basis, i.e. after deducting ministries disbursements to other ministries for the consumption of water, electricity, and communications services

Source: National Bank of Kuwait

dipped into its reserve to finance the budget deficit during the year.

Available statistics also show that interest and profit from the investment of the General Reserve amounted to KD 453 million during the fiscal year 1984-85, some KD 18 million below what was achieved in fiscal 1983-84. Investment spending, on the other hand, dropped sharply from KD 8.18 million in fiscal year 1983-84 to KD 97,157 in fiscal 1984-85.

The Fund for Future Generations, stood at KD 11,843 million at the end of June 1985, a 9.4 percent increase over its level the previous year. Interest income and profits from the investment of the Fund amounted to KD 701 million during the fiscal year 1984-85, which brought total income from investments to KD 1,154 million, 10.5 percent lower than what was achieved during fiscal 1983-84.

To avoid the pitfalls of over-optimism in projecting state revenue in the current fiscal year and accommodate for uncertainties in the oil market, the Kuwaiti government drew a more realistic 1985-1986 budget, one which is "devoid of any against-the-stream reflationary ambitions", as the National Bank of Kuwait described it. The budget aims at a 4.1 percent reduction in total expenditure and a 14.6 percent drop in development outlays.

Recent reports from Kuwait indicate, however, that with the oil price war now in full swing and with the continuing downdrift in oil prices, the country's revenue projections now seem unrealistic. Allocations will certainly be scrutinised, the sources say, with third priority development projects shelved and a further increase in charges for public utilities, electricity, water, gas and others, tipped to increase.

A decision had already been taken last November to increase electricity charges effective the beginning of April 1986. The increase is expected to bring in KD 30 million in added government revenues. It is now believed that charges for other utilities will follow suit. State revenue projections under the budget for 1985-86 were based on a \$27.3/barrel price for Kuwait's heavy crude and with the expectation that the price of oil could go down to less than the \$20 per barrel mark, any savings that the government can make will definitely help reduce the budget deficit. The Kuwaiti National Assembly, which was strongly opposed to the increase in electricity charges last fall is now expected to be more receptive to similar moves affecting other public utilities and services.

Reporting to the National Assembly last December, the Kuwaiti go-

NON-OIL MANUFACTURING INDUSTRIES

79/80 - 84/85

(KD Million)

| Industry | Value Added (1984 Prices) | | Investments | | Production (Current) | |
|-----------------------------|------------------------------|------------|-------------|-----------|-------------------------|------------|
| | 79/80 | 84/85 | 79/80 | 84/85 | 79/80 | 84/85 |
| Mining | 3 | 8 | 0 | 0 | 6 | 18 |
| Food, Beverages | 28 | 34 | 14 | 3 | 67 | 94 |
| Textiles, Wearing apparel | 23 | 30 | 3 | 1 | 28 | 42 |
| Wood products | 19 | 20 | 7 | 1 | 34 | 41 |
| Paper products, Printing | 12 | 21 | 15 | 5 | 19 | 31 |
| Chemical, Plastic products | 43 | 38 | 25 | 4 | 59 | 71 |
| Non-metallic minerals | 40 | 41 | 19 | 4 | 56 | 74 |
| Fabricated metal products | 43 | 75 | 56 | 7 | 85 | 138 |
| Other non-oil manufacturing | 2 | 2 | 0 | 0 | 4 | 4 |
| Total | 213 | 269 | 139 | 25 | 358 | 513 |

vernment justified the need to raise charges on services by saying it had spent an estimated KD 1,318 million on electricity projects in the past five years, KD 456 million on roads and sewage, and KD 118 million on telephone and telecommunications. The government said charges collected during that period could barely cover 8 percent of what was spent and stressed the need to have citizens

share part of the cost of providing these services so as to heighten the feeling of responsibility among users and prevent wastage of precious energy and expensive services.

Industry: Protectionism is the keynote

Despite the setbacks and mounting uncertainties, the industrial sector in Kuwait managed to achieve a remarkable 23 percent growth rate in 1984,

CONSOLIDATED BALANCE SHEET OF COMMERCIAL BANKS

(KD MILLION)

| | Dec. 1980 | | Dec. 1981 | | Dec. 1982 | | Dec. 1983 | | Dec. 1984 | | June 1985 | |
|---------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|------------|----------------|--------------|----------------|--------------|
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| ASSETS | | | | | | | | | | | | |
| Reserves | 221.7 | 54.6 | 321.6 | 45.1 | 626.0 | 94.7 | 372.5 | (40.5) | 323.0 | (13.3) | 247.3 | (23.4) |
| Cash | 17.4 | 27.9 | 18.8 | 8.0 | 22.7 | 20.7 | 24.3 | 7.0 | 19.7 | (18.9) | 23.8 | 20.8 |
| Balance with CBK | 106.0 | (8.9) | 147.5 | 39.2 | 133.5 | (9.5) | 72.1 | (46.0) | 77.0 | 6.8 | 17.2 | (77.7) |
| CBK Bills | 98.3 | 628.1 | 155.3 | 58.0 | 469.7 | 202.4 | 276.1 | (41.2) | 226.3 | (18.0) | 206.4 | (8.8) |
| Foreign Assets | 1,880.0 | 32.5 | 2,245.4 | 19.4 | 2,251.0 | 0.2 | 2,301.2 | 2.2 | 2,513.2 | 9.2 | 2,333.1 | (7.2) |
| Balance with Foreign Banks | 1,436.7 | 41.2 | 1,738.5 | 21.0 | 1,673.8 | (3.7) | 1,505.0 | (10.1) | 1,502.2 | (0.2) | 1,358.3 | (9.6) |
| Adv. & Disc. to Non-Res. | 252.7 | 23.7 | 305.9 | 21.1 | 382.5 | 25.0 | 491.1 | 28.4 | 571.9 | 16.5 | 631.4 | 10.4 |
| Foreign Investments* | 190.7 | (3.0) | 201.1 | 5.5 | 194.8 | (3.1) | 305.1 | 56.6 | 366.4 | 20.1 | 343.3 | (6.3) |
| Claims on Priv. Sect. ** | 2,671.7 | 26.1 | 3,453.6 | 29.3 | 4,292.5 | 24.3 | 4,752.6 | 10.7 | 5,039.8 | 6.0 | 5,020.0 | (0.4) |
| Credit Facilities | 2,418.5 | 26.2 | 3,172.7 | 31.2 | 3,897.2 | 22.8 | 3,844.2 | (1.4) | 4,108.8 | 6.9 | 4,175.3 | 1.6 |
| Other*** | 252.7 | 25.3 | 280.8 | 11.1 | 395.1 | 40.7 | 908.3 | 129.9 | 930.8 | 2.5 | 844.7 | (9.3) |
| Other Assets | 876.0 | 42.9 | 1,578.4 | 80.2 | 1,967.9 | 24.7 | 2,567.9 | 30.5 | 1,703.8 | (33.7) | 1,345.8 | (21.0) |
| LIABILITIES | | | | | | | | | | | | |
| Private Deposits | 2,606.2 | 25.7 | 3,583.0 | 37.5 | 3,840.1 | 7.2 | 4,027.2 | 4.9 | 4,171.8 | 3.6 | 4,259.0 | 2.1 |
| Sight | 418.4 | 1.9 | 930.1 | 122.3 | 837.0 | (10.0) | 772.9 | (7.7) | 588.8 | (23.8) | 596.0 | 1.2 |
| Saving | 272.5 | (9.8) | 307.7 | 12.9 | 336.8 | 9.5 | 406.1 | 20.6 | 355.0 | (12.6) | 443.0 | 24.8 |
| Time | 1,311.2 | 33.1 | 1,725.2 | 31.6 | 2,298.5 | 33.2 | 2,217.9 | (3.5) | 2,473.0 | 11.5 | 2,475.0 | 0.1 |
| Foreign Currencies | 587.9 | 65.3 | 595.2 | 1.2 | 333.0 | (44.1) | 597.5 | 79.4 | 717.8 | 20.1 | 727.0 | 1.3 |
| Certif. of deposit | 16.2 | (20.2) | 24.9 | 53.7 | 34.7 | 39.4 | 32.8 | (5.5) | 36.9 | 12.5 | 18.0 | (51.2) |
| Govt. Deposits | 171.3 | 15.0 | 211.0 | 23.2 | 393.8 | 86.6 | 362.4 | (8.0) | 387.8 | 7.0 | 383.9 | (1.0) |
| Foreign Liabilities | 1,134.3 | 41.1 | 1,264.1 | 11.4 | 1,526.5 | 20.8 | 1,550.4 | 1.6 | 1,560.7 | 0.7 | 1,326.4 | (15.0) |
| Capital & Reserves | 336.9 | 25.8 | 411.0 | 22.0 | 576.9 | 40.4 | 664.4 | 15.2 | 776.2 | 16.8 | 831.6 | 7.1 |
| Other Liabilities | 1,400.4 | 40.2 | 2,129.8 | 52.1 | 2,809.0 | 31.9 | 3,389.9 | 20.7 | 2,683.1 | (20.9) | 2,142.7 | (20.1) |
| Tot. Assets = Tot. Liab. | 5,649.1 | 31.6 | 7,599.0 | 34.5 | 9,146.2 | 20.4 | 9,994.2 | 9.3 | 9,579.7 | (4.1) | 8,946.9 | (6.6) |

* Consists mainly of bonds and shares

** Including claims on specialised banks and financial institutions

*** The major part consists of claims on specialised banks and the remaining part of local investment

Note: Parentheses mean negative

Source: Kuwait Economic & Financial Bulletin, No.9, 1985. National Bank of Kuwait

as compared to 9.1 percent the previous year. The sector's contribution to Gross Domestic Product amounted to KD 310 million, representing 9.3 percent of non-oil GDP. The ratio compares favourably with an average of 8 percent over the three previous

years. Total value added in the non-oil manufacturing sector increased from KD 214 million in 1979-80 to KD 269 million in 1984-85, while GDP decreased over the same period from KD 8,912 million to KD 6,786 million.

KUWAIT ECONOMIC TRENDS

| | | UNIT | LATEST Period | Data | ONE YEAR AGO | % CHANGE |
|-------------------------|---------------------------------|-------------|------------------|----------|-----------------|-------------|
| GDP | Total | KD mn | 1984 | 6,425.0 | 6,415.0 | +0.2 |
| | Non-oil | KD mn | 1984 | 3,523.0 | 3,330.0 | +5.8 |
| OIL | Production (1) | 000,b/d | 1985 | 1,076.0 | 1,167.0 | -7.8 |
| | Exports (1) | 000'b/d | 1985 | 340.0 | 505.0 | -3.3 |
| CONSTRUCTION | Imminent Starts (proxy) | Number | Jan-Oct 85 | 419.0 | 614.0 | -31.8 |
| | Permits | 000'M2 | Jan-Nov 85 | 1,534.0 | 2,559.0 | -40.1 |
| | Total Imports (FOB) (2) | \$mn | | | | |
| TRADE | Total Tonnage | 000'Tonnes | Jan-Oct 85 | 4,071.0 | 5,852.0 | -26.7 |
| | Port Transit Cargo | 000'Tonnes | Jan-Oct 85 | 1,153.0 | 1,051.0 | +8.0 |
| | % Trans/Total | % | Jan-Oct 85 | 28.4 | 19.3 | +9.1 |
| PRICES | Consumer Price Index | Base 78=100 | July 85 | 141.6 | 140.3 | +0.9 |
| | Imports Price Index (2) | Base 78-100 | | | | |
| | New | 000' | Half-1 85 | 19.4 | 50.8 | -61.9 |
| LABOR* | Work Cancellations | 000' | Half-1 85 | 12.6 | 11.7 | +7.7 |
| | Permits Net Balance | 000' | Half-1 85 | 6.8 | 39.1 | -82.7 |
| STATE RESERVES | Total | KD mn | end June 85 | 23,276.0 | 22,582.0 | +3.1 |
| | General Reserve | KD mn | end June 85 | 11,433.0 | 11,760.0 | -2.8 |
| | Fund for Future Generations | KD mn | end June 85 | 11,843.0 | 10,822.0 | +9.4 |
| | Investment Income | KD mn | FY 84/85 | 1,154.0 | 1,289.0 | -10.5 |
| PUBLIC FINANCE | Revenues | KD mn | FY 84/85 | 2,744.7 | 3,150.5 | -12.9 |
| | Expendit. Total | KD mn | FY 84/85 | 3,204.9 | 3,120.0 | +2.7 |
| | Development | KD mn | FY 84/85 | 628.9 | 779.8 | -19.3 |
| | Balance (stricto sensu) | KD mn | FY 84/85 | -460.2 | 30.5 | |
| LIQUIDITY | Domestic | KD mn | Nov 85 | 4,492.0 | 4,437.7 | +1.2 |
| | Banks net position with CBK (3) | KD mn | Nov 85 | 128.2 | -255.4 | -150.2 |
| | Claims/Deposits | % | Nov 85 | 121.5 | 120.5 | +1.0 |
| | Financial Claims/KD Deposits | % | Nov 85 | 140.2 | 145.9 | -5.7 |
| | Ratios (4) Dep./Tot. Assets | % | Nov 85 | 45.1 | 40.7 | +4.4 |
| | Claims/Tot. Assets | % | Nov 85 | 54.8 | 48.0 | +5.8 |
| COMMERCIAL BANKS | Total | KD mn | Nov 85 | 9,258.5 | 10,125.4 | -8.6 |
| | Balance Credit Facilities | KD mn | Nov 85 | 4,185.3 | 4,056.8 | +3.2 |
| | Sheet Private Deposits | KD mn | Nov 85 | 4,178.1 | 4,118.9 | +1.4 |
| | Foreign Assets | KD mn | Nov 85 | 2,170.1 | 2,610.1 | -16.9 |
| | Foreign Liabilities | KD mn | Nov 85 | 1,302.8 | 1,648.9 | -21.0 |

*"Latest date" is compared to "two years ago" data instead of "one year ago".

1. Estimates

2. NBK estimates

3. Negative (-) means net CBK injection of KD funds to banks

4. In all cases Govt. deposits are excluded

Source: National Bank of Kuwait

Modest growth, however, has failed to conceal the numerous problems facing the non-oil manufacturing sector in Kuwait. In fact, the plight of many industrial companies had brought forth calls in 1984 for mergers of firms engaging in similar production to achieve economies of scale and rationalisation in the utilisation of surplus production capacity. Some observers have blamed difficulties in the non-oil industries on bad management while others have emphasised the difficulty faced by local manufactured goods in trying to compete with imports without sufficiently high tariff barriers.

For Kuwait's open market, dumping at below cost by foreign manufacturing companies has become a common occurrence that puts the viability of domestic manufacturing projects in question. Yet, it can be said that a combination of factors lie at the heart of the causes affecting the industrial sector. While weaknesses in management and marketing strategies are among the foremost causes, over-capacity in some sectors, brought about by unplanned investments, is yet another factor. Lack of incentives and sufficient tariff barriers are still other factors of primary importance.

The economic recession has created a protectionist mood in Kuwait. Locally manufactured construction materials are given priority in tenders won by international contractors. The Kuwait Chamber of Commerce and Industry has proposed a minimum rate of tariff protection of 30 percent for the first five years, leaving the upper limit of the protection rate open. More detailed proposals included the amendment of the present unit production protection rate formula which, the Chamber believes, rewards inefficiency at the expense of good performance. A new system favouring the whole sector rather than individual projects was recommended.

Among the various non-oil manufacturing industries, the contribution of the fabricated metal products industry to GDP was highest. It amounted to KD 75 million in 1984-85. It was followed by the construction materials industry with a contribution of KD 41 million and the chemicals, fertilisers and plastic products industry (excluding refineries), with a contribution of KD 38 million.

In terms of the value of output at current prices, the fabricated metal products industry also topped the list with the value of production amounting to KD 138 million in 1984-85. It was followed by the food and beverage industry with production in the same year valued at KD 49 million.

Nevertheless, the economic difficulties that started in 1982 still weigh heavily on the industrial sector. Commercial bank credit, which is usually most sensitive to recessionary bouts, reflects the downtrend that industry has witnessed since then. Commercial bank credit to industry peaked in September 1982 reaching KD 264 million. By the end of the same year it had declined to KD 194 million and by the end of 1983 it fell by a further 22 percent to reach KD 148 million.

This fall was paralleled by a drop in financing of industrial projects by the Industrial Bank of Kuwait (IBK), the institution set up by the government in 1973 to help develop the country's industrial sector. IBK financing slipped from KD 32.3 million in 1981 to KD 25.3 million in 1983. It rose to KD 30.2 million in 1984 but was still below the 1981 level. Commercial bank credit to industry continued its drop in 1984 and stood at KD 145 million at the end of the year. By the end of June 1985 it amounted to KD 136 million.

While the local industrial sector faces numerous difficulties, the Kuwaiti government has been investing heavily overseas. Such investments are mainly carried out by the Industrial

Bank of Kuwait and the London-based Kuwait Investment Office (KIO). Equity participations in various international industrial ventures range from Hoechst, Volkswagen do Brasil, Daimler Benz, Metallgesellschaft and three flagship companies: St. Martin's Property Corporation, Autobar Group and the Hays Group. These investments are under the umbrella of the Fund for Future Generations, set up in the 1970s as a hedge for the future. The General Reserve, on the other hand, has much of the Arab and regional investment.

The KIO is primarily an equities office. Its \$2 billion to \$3 billion investments in different markets are split among the US (30 percent), Japan (20 percent), UK (18 percent), and West Germany (15 percent) while the remaining 17 percent go to various European countries.

The KIO went into Japanese equities very early and, at the time of the press stir on Arab investments in Tokyo, was already selling. In the UK, its equities and bonds holdings lie between \$2 billion and \$4 billion. Worldwide, its two biggest investments are equities and bonds, followed by real estate and then direct investment. Direct investments or wholly-owned companies are mainly in the UK and Europe.

KIO had developed three wholly-owned holding companies for the main sectors of its direct investment activities. One is St Martin's Property Corporation, the Hays Group, a conglomerate formed from the old Hays Wharf group with additional direct investments. Hays Group activities include oil and petroleum storage and distribution, chemicals, shipping, packaging and distribution, cold storage and other technical and business services. The third holding company is Autobar, a private company purchased in 1982, involved in the fast food business.

Of Kuwait's official reserves of \$50 billion to \$60 billion, KIO handles almost half. The other half is managed by different international banks in various markets. Portfolio managers in the industrialised countries include Chase Manhattan, Citibank and Morgan Stanley in the US, Dresdner Bank and Commerzbank in West Germany, the Industrial Bank of Japan in Japan and other banks in the French, Dutch and Swiss markets. These banks run portfolios basically for the local markets and report direct to the Kuwait Investment Authority (KIA) in Kuwait, an umbrella organisation, which began to function in 1984, and which answers to the Minister of Finance Jassem Al Khurafi, and then to the Council of Ministers.

Within Kuwait and the Gulf region, portfolios are managed by local Kuwaiti banks (Kuwait Foreign Trading, Contracting and Investment Company, Kuwait Investment Company and the Kuwait Real Estate Investment Consortium), and by Gulf banks such as the Al-Ubaf Group and Gulf International Bank. Government assets have always been invested long term, in equities, bonds, real estate and fixed rate securities. With the present state of the budget deficit, there has been a mild shift in policy. All portfolios are being run to ensure they can meet government demands for liquid funds.

Banking still burdened by Manakh

More than three years after the collapse of the unofficial Souk al-Manakh stock exchange, Kuwait's banking sector continues to reel under the burden of the mass default on post-dated checks by over-the-counter traders. Prior to the collapse of the market in August 1982, commercial banks had lent extensively on the basis of name and reputation. While most borrowers claimed loans

were taken out for business purposes, it was actually risked on the stock market.

Many traders used their idle cash balances to speculate and leveraged their positions by buying shares not only with bank loans but with post-dated checks at substantial premiums to the cash price. Companies generally showed high deposits that had already been used as collateral. A high proportion of domestic loans were secured against real estate or the equities of Kuwaiti companies.

In the aftermath of the Soukh al-Manakh collapse and while the government maintained its support by continuous purchases of shares at a cost of some KD 800 million, banks were reluctant to seize the collateral of those who were not meeting their debt payments and to realise it.

During the 13 months after the government withdrew its support of shares in April 1984, the index of Kuwaiti share prices dropped by 60 percent. Bankers may have considered they acted prudently by demanding securities, the value of which was at least double the size of a loan as collateral. But share prices now are on average only one third of their value at the peak of the boom.

There has been a similar collapse in the real estate market, which affected the value of real estate held as collateral against loans. The situation has been aggravated by the reluctance of many debtors to meet their obligations to the banks even when they have the resources to do so.

Part of the debts may be rescheduled where possible, according to the central bank. But if necessary, debtors must be taken to court and a few well publicised bankruptcies may be necessary to encourage others.

In December 1985, the Central Bank of Kuwait laid down much tougher guidelines on making provisions for non-performing loans with loans categorised by the number of days debtors are behind with payments. The provisions required by the Central Bank ranged from 5 to 10 percent on small loans of less than KD 20,000 and covered loans, and

between 15 percent on loans stagnant for more than 180 days and 100 percent for loans stagnant for more than one year. The result of these guidelines, which officials say will be strictly applied, is that bank-published figures will show a much steeper decline in 1985 than the 10 percent average drop in 1984.

The consolidated balance sheet of commercial banks showed an 8.6 percent decline at the end of November 1985 from its level at the end of November 1984, reaching KD 9,258 million. Commercial bank loans, on the other hand, were up by 3.2 percent at the end of November, from their level a year ago, reaching KD 4,185 million. The increase, however, is thought to be mainly due to the accumulation of interest on stagnant loans, which are added to the initial loans. Private deposits with commercial banks, rose by 1.4 percent over the end-November 1984 level to reach KD 4,178 million at the end of November 1985.

All said, it seems that the accumulation of unserviced and unsettled doubtful debts to commercial banks is the most pressing feature of Kuwait's economic headaches. However, state intervention in bailing out banks is not the solution since it is frowned upon as a disguised approach to sanction the reluctance of some debtors to withhold settlement, partial or total of the loans they owe to banks. Remedial measures adopted by the government have so far avoided that and have instead focused on the need to safeguard confidence in the banking system and ward off any bank failures. Just as knowledge of Kuwait's sizeable financial reserves has served as assurances against the recurrent deficits in public finances, so does knowledge of the large reserves accumulated by commercial banks (when liquidity was the dominant character of the Kuwaiti financial market) serve to reassure the country's banking securities.

As long as such assurances do not give way to laxity and indifference to the country's persistent economic difficulties, Kuwait can look forward to 1986 as a year when economic entanglements will start to unravel.

WEST BEIRUT FACES NEW WAVE OF VIOLENCE

Beirut AL-'AHD in Arabic 29 Jan 86 p 2

[Article: "Under the Microscope: What is Planned for West Beirut?"]

[Text] West Beirut is again experiencing a wave of rumors aimed at creating an atmosphere for internal fightings continuing the series of battles witnessed by the capital last year.

The renewed fervor of clashes with the Palestinian camps may have helped reinforce these rumors and confirm them in the minds of citizens who have begun to "blow strongly on yogurt to make it milk."

The fifth column, whose morale was raised by the return of Israeli winds to East Beirut, after Maronite politics were turned upside down and after the renunciation of Elie Hubayqah's maneuver, which brought him down among the Christians without winning him the trust of the Muslims for even a moment, this Israeli column seems to again be sending messages to the different sides in West Beirut to instigate trouble among them, to strain the atmosphere and again push them into fighting reminiscent of the warring past, and complicating the political situation, which mandates turning toward a military solution regarding the "Zionized" Phalangists.

All sides must act pragmatically and earnestly to outdo the hellish, divisive plans Israel is trying to carry out regarding the Muslims in their own areas. They must also exert firm, extraordinary pressure on the rabble in their ranks and give themselves the opportunity to investigate every incident that occurs, containing it before it spreads.

The great hope of the avid faithful is the well-being of the one Islamic body which will use all its resources to thwart the divisive Israeli scheme. The current containment of the fabricated clashes around the camps confirms that these avid personnel can do something to stop the loss of blood on a battlefield other than the true one.

Whoever imagines that he can achieve a significant victory in a battle in alleyways by concocting one in peaceful areas must abandon this idea after the political setback which dissolved the tripartite agreement and nullified all the imagined domestic victories.

Whoever imagines that political conditions are right for him to reclaim the imagined positions he lost domestically must understand that all positions are the target of disruption as long as the Zionist enemy and his Phalangist agents raise the rod against the Muslims.

For this reason, low-minded policies must be distained, the primary culprit must be confronted and all force must be mustered in order to wage a decisive battle against Israel's Phalangist agents and to strengthen the ability to resist the unjust occupation.

America's and Israel's embracing of Maronite politics must be opposed by a cohesive position capable of overcoming all points of weakness with a strategy based on attacking the satanic trinity in Lebanon, eliminating from its vocabulary the possibility of reaching an understanding with any of the parties to this trinity.

There must also be a domestic strategy which relies on red lines as a true barrier to the outbreak of any fighting aimed only at increasing fragmentation and division of the resistance.

In light of this strategy at home and abroad, we again raise our voices to shout within the hearing of all: Keep on fighting your true enemies, be resolute so that together we can wage a decisive final battle against the Phalangists. If you want life, learn that life is found in your dying victorious and death is in living vanquished.

9882/12955

CSO: 4404/265

BRIEFS

TRIPOLI PORT TRAFFIC IN 1985--The number of ships visiting the port of Tripoli in 1985 was 979 compared to 739 in 1984, an increase of 32.4 percent. However, goods unloaded dropped 48.3 percent, with 282,523 tons unloaded in 1985 compared to 546,492 tons in 1984. Goods shipped from Tripoli port amounted to 40,252 tons in 1985 compared to 47,787 tons in 1984, a decrease of 15.7 percent. [Text] [Paris AL-MUSTAQBAL in Arabic 25 Jan 86 p 36] 9882/12955

CSO: 4404/265

SAUDI ARABIA

KING 'ABD-AL-'AZIZ WAR COLLEGE DESCRIBED

London AL-HAWADITH in Arabic 28 Mar 86 pp 32-34

[Article by Amin al-Siba'i: "Training Generations of Officers in the Place Where the Appeal for Unity of the Kingdom Began"; third in a series of articles on the Saudi armed forces; see JPRS-NEA-086-050 for the first and second articles in the series]

[Text] One day is not enough to visit all of the installations and departments of the King 'Abd-al-'Aziz War College on the outskirts of Riyadh.

But one day is enough to get a basic idea of one of the most important military organizations which prepares qualified officers for the Saudi army in accordance with the policy of upgrading the force by applying the knowledge of the second deputy prime minister, the minister of defense and aviation, and the inspector general, Prince Sultan bin 'Abd-al-'Aziz, on the level of the kingdom, under the patronage, blessings, and sponsorship of King Fahd.

It might be more correct to call King 'Abd-al-'Aziz War College by the name King 'Abd-al-'Aziz War City, because it is can be considered to be a vast city, containing the institutions, public utilities, equipment, and all the basics for life, work, social life, religion, culture, and sport found in any city. But the only color is that of military khaki which distinguishes this world by its sameness.

To get to know the nature of the college/city one must view a plan of its installations.

The college has a central mosque, a regular mosque, an administration building, an office building, an instructional building, a parking lot, a museum, gardens, a reviewing stand, a parade ground, a physical education building, a lecture hall, housing and a club for students, housing for students, a social and cultural center, a college dining hall, a sports stadium, stables, a race track for horses, a clinic, a secondary school for boys and one for girls, a primary school for boys and one for girls, a shopping area, a swimming pool, a recreation center, a place for parties, an officers' center, housing for unmarried men, housing for unmarried civilians, a dining hall for individuals, a swimming pool, buildings for commercial services, a childrens' center, a maintenance shop, a general warehouse, a

communications center, a laundry, a bakery, a paintshop, garages, an auto repair shop, a gas station, a botanical nursery, a post office, a brig, offices for the maintenance contractor, as well as broad open areas of land and hills which surround the college and are used for training.

The commander of the college is Brigadier General 'Abd-al-'Aziz al-Daghim, who, along with the generals at the college, welcomed a group of "recruits," gave an evening banquet in their honor, and gave a general picture of the stages of implementation and the procedures of the task.

In one of the lecture halls an official presented a detailed picture of the college which has a capacity of more than 1,500 students each year including students from other Arab countries. From 250 to 300 students graduate each year. The following points were mentioned in the official's report:

--King 'Abd-al-'Aziz War College is the principle resource which provides officers for the army. It undertakes the responsibility of holding military training sessions for university educated officers. It has the responsibility to educate, train, and instruct its students to develop leadership qualities, to plant in them the spirit of a military officer, and to supervise their behavior on the firm basis of pure religion, superior morals, and sound behavior in order to determine, in light of this, their suitability as officers.

--The army established a military school in 1354, in Mecca, which was then moved to Ta'if. In 1374, royal decree number 5/22/362 was issued, on 27 Safar, 1374, establishing a military college under the name of King 'Abd-al-'Aziz War College. It was opened in the city of Riyadh in Jumada al-Awal, 1375. King 'Abd-al-'Aziz War College is considered to be the first academic military organization in the Kingdom of Saudi Arabia.

--The college is a higher scholarly institution that undertakes the education and training of the students who have been accepted in order to instill in them the characteristics necessary to suit them for service as officers in the army. Added to this is the task of making the university officers fit for the military.

--King 'Abd-al-'Aziz War College is linked directly to the ground forces' commander.

The authorities who administer the college are the following:

--The higher committee for the college which is the higher authority that draws up the general policy for the college, specifically the following:

1. Determining the number of students
2. Confirmation of the program of studies
3. Studying any proposals to amend the organization of the military colleges
4. Deciding on the internal program of the college

--The committee for the college, which is the authority responsible for implementing the general policy decided upon by the higher committee for the college. It practices the powers granted to it in accordance with the organization of the military colleges including the following:

1. Suggesting the general curriculum
2. Admitting new students who fulfill the conditions of admission
3. Suggesting the internal program
4. Suggesting the draft budget for the college
5. Preparing the annual report and forwarding it to the higher Committee.

--The commander of the college is responsible for all administrative, financial, and educational matters, implementation of the decisions of the higher committee of the college, and issuance of all commands and instructions that embrace the course of work in the college.

--The course of study at the college, which is three years long, is divided into the following:

1. First year, preparatory
2. Second year, intermediate
3. Third year, final

The scholastic year is completed in two study sessions of not less than 28 weeks total, averaging about 25 hours per week.

The course of study in the college is comprised of two programs:

--The military program

Military education in the college is completed on five wings:

1. The tactical wing
2. The weapons wing
3. The military information wing
4. The signal wing
5. The engineering wing

These cover the following subjects: tactics, signals, weapons, civil engineering, map reading, a maintenance unit, military administration and organization, administrative affairs, and supply and provisions.

--General military education which includes the following:

Military health, military intelligence, educational methods, the art of leadership, military history, military geography, the duties of the junior staff, weapons of total destruction, and the theory of the various ground forces.

--The privileges that are offered to the students during the course of study include the following:

1. The college bears the cost of study and guarantees the student food, clothing, housing, and medical treatment. The student is given compensation equal to half the monthly wage of a lieutenant.
2. If a student suffers an accident leading to incapacitation or death, he will be granted a pension in accordance with the officers' regulations.
3. A student assigned to duty outside the headquarters of the college, within the kingdom or abroad, is paid a mission allowance.
4. The student is guaranteed round trip transportation between school and his home, within the kingdom, for his annual vacation.

Privileges after graduation:

1. The graduate is granted a baccalaureate diploma in military science that is the equivalent of a university degree.
2. He is appointed an officer with the rank of lieutenant in the army and has the honor of defending his religion, king, and country.
3. He enjoys all of the privileges appearing in the officers' service regulations.
4. The officer and his legal dependents are guaranteed health care.
5. The officer and his family are guaranteed housing in accordance with the housing projects of the ministry of defense and aviation.
6. The land area of the college is approximately 278 square kilometers. It is 21.5 kilometers long from east to west. The study buildings are located in the southern half of the area along Wadi (Dayqah) which stretches along the village of al-'Ainiyah. The airstrip is located to the northeast of the educational buildings. The firing ranges, which give the students the basic idea about the most modern weapons, is northwest of the site, while the eastern sector is reserved for the purposes of training and maneuvers.

The choice of the site on the northern hills stretching toward the village of al-'Ainiyah was made after concentrated study and research. Besides the suitability of the site given the historical importance concealed in its choice, al-'Ainiyah was the first base from which the Islamic call went forth to unite the country under the banner of Islam.

At the entrance to the commander's building of the college, there rises a marble tablet in the shape of a pyramid carrying the noble verse, "In the name of God, the merciful and the compassionate" and "Make ready for them whatever force and strings of horses you can to terrify therefore the enemy of God and your enemy." The truthfulness of God Almighty.

The pyramidal tablet indicates that the college opened in 1984.

The swimming pools are crowded with students who are receiving training from Saudi and Egyptian coaches. In the other sports training halls, students submit to a rigorous training regime that employs the most modern methods of training used in the most modern war colleges in the world.

In another wing of the sections of the college, there is a special a special wing for closed circuit television broadcasting a training program to the students to help them comprehend their studies and to broaden their circle of knowledge and education. It also broadcasts religious and recreational programs to the homes of the students and the families of the workers in the college departments and the sporting events that take place on the fields of the college. There is discussion about establishing a local radio broadcast.

The central mosque has space for 1,000 worshippers inside and another 1,000 worshippers in the adjacent courtyard. The art of Islamic architecture has been preserved in its construction.

The instructional camp is set up on an area of more than 200,000 square meters and is used for the students' training and living quarters.

The medical clinic, which has 20 beds, is located between the homes of the workers and the instructional buildings. This clinic is sufficient to meet the needs of the students and the group of teachers with their families.

The student billeting, which has three stories, forms the northern side of the courtyard. The student rooms and rooms for informal social and cultural facilities are arranged round nine interior courts, one courtyard for each company. The buildings were designed with three equal areas, one for each battalion of 500 students. Three rooms are arranged in an apartment with a sitting area and a bathroom for every four students.

King 'Abd-al-'Aziz War College stands beside the other military structures in the Kingdom of Saudi Arabia to give the kingdom and the region increased human capabilities committed to preserving the sacred places, the land, and the dignity of the people, any time and any place.

12780

CSO: 4404/289

DAR'A PROVINCE DEVELOPS AGRICULTURAL LAND

Damascus TISHRIN in Arabic 29 Jan 86 p 3

[Article by Muhammad 'Id Musa: "Agricultural Development in the South"]

[Text] The agricultural development project in the south is a vital, important project in which the Ministry of Agriculture and Agrarian Reform has shown great interest since inception of the project in 1983.

The project is under the direct supervision of the Ministry of Agriculture, which oversees the project. There is one central unit and two units in Dar'a and al-Suwayda' provinces, where the project is located.

Engineer Musa 'Isa Shihab, project unit director in Dar'a province, told TISHRIN which project plans have been implemented and which are to be implemented this year in his province.

Goals of First Stage of Project

The unit director said: "The goals of the first stage of the plan adopted by the ministry are as follows:

"1. To reclaim areas where more than 50 percent of the land is rugged, constituting 34,000 dunums, in the villages of Nawa, Jasim, al-Harah, Zimrin, Nimr, and to plant fruitful trees there.

"2. To reclaim 82,500 dunums in areas where more than 20 percent of the land is rugged to develop crops. This land includes the villages of Hayt, Saham al-Jawlan, Jamlah, Nafi'ah, 'Abdin, 'Adwan, al-Shaykh Sa'd, Nawa, Jasim, al-Harah, al-'Aliyah, Nimr, Ankhal al-Qunayah, Burqah, al-Faniyah, Abta', Zimrin, Jadiyah, Qibtah, Simlin, Tasil, 'Ayn Dhikr, al-Shajarah, al-Qasr, Bayt Arah, Kuya, al-Faqi' al-Shaykh Miskin and Da'il, most of which are in the two most settled areas of Dar'a province.

"3. To build farm roads over a distance of 77 kilometers.

"In the field of guidance--to educate and instruct farmers in improving their farming and in introducing modern machinery.

"To prepare technical cadres--setting up training courses and preparing farmers to operate and maintain different types of farm equipment, as well as the unit's job of distributing equipment, such as tractors and accessories, to farmers with bank loans."

He added that the plan would be implemented over a period of 5 years.

What Has Been Done So Far:

Reclamation and tree planting in the first stage of the project unit's plan have been implemented as follows:

In Jasim, 600 dunums have been reclaimed, and trees will be planted on 100 dunums that have been prepared for this purpose.

In areas where more than 20 percent of the land is rugged, the unit was not able to carry out any reclamation or crop development because machinery designated for the project did not arrive.

Development in Other Project Areas:

The unit was able to develop 16,000 dunums in the villages of Hayt, Saham al-Jawlan, Nafi'ah, Tasil and Ankhal by introducing agricultural mechanization and by using improved seeds resistant to harmful plants.

Roads:

Roads have been created over 59 kilometers:

Jallin to Hayt--7.5 kilometers.

Simlin to Nimr--7.5 kilometers.

Da'il to al-Shaykh Sa'd--13.5 kilometers.

Dayr al-Bukht to Kafr Shams to Umm al-'Awsaj to al-Harah--18.5 kilometers.

Nawa to Barqah--7 kilometers.

Jasim to al-Nasiriyah--5 kilometers.

543 Model Fields:

The unit director told us that 543 model fields for various crops had been set up over 5430 dunums in all project villages in the province and that educational seminars and field days had been held.

18 Courses and Training of Technical Cadres:

The unit director added that 18 training courses and preparation of technical cadres had been carried out with the help of local experts and those from other Arab countries, with 462 trainees graduating.

Of these courses, 13 were in the operation and maintenance of agricultural machinery and tractors, training 462 farmers.

Fifteen trainees graduated from a mechanics course. The second course is now in session, with 15 trainees.

A course in heavy machinery has also been held, with 27 trainees graduating, as have two courses for agricultural engineers in farm management, in which 30 engineers took part.

134 Tractors to Be Distributed

The operations unit overseeing the project bought 42 55-horsepower tractors to plant trees, and the unit administration has prepared an agenda for distributing these tractors among the farmers in villages where trees will be planted.

Construction.

A training and repair shop was built for the unit over the past 2 years at a cost of 1.05 million Syrian pounds, as were storage facilities at a cost of 430,000 pounds.

A spare parts warehouse was built for 325,000 pounds and training [illegible] were built at the unit administration headquarters between Dar'a and al-Muzayrib at a cost of 150,000 pounds.

Operations Unit Plan for 1986

Engineer 'Isa al-Shihab summarized this plan as reclaiming 6,610 dunums of land in the project villages and making this land suitable for crop trees, isolating 32,700 dunums of rugged land in project villages and improving field crops such as wheat, barley, lentils, chickpeas, white corn and sesame in accordance with the agricultural production plan of the province Directorate of Agriculture and Agrarian Reform for this season.

New roads have been created over a distance of 12 kilometers from Nawa to Barqah and Jasim to al-Nasariyah, and 205 new model fields were created over 2050 dunums. Underground wells were dug in the villages of Jasim and al-Harah.

Unit's Efforts in Project:

The director described the operation unit's efforts in the project as obtaining the heavy machinery necessary to reclaim and isolate difficult rugged land, which should arrive in the country next month, at which time activity and completion under the current stage will increase.

9882/12955

CSO: 4404/265

FIRST GULF OFFSHORE OIL EXPLORATION COMPANY FORMED

Abu Dhabi AL-ITTIHAD in Arabic 18 Mar 86 p 17

[Interview with Dr Hasan Fakhru, general director of the company, date and place not specified]

[Text] Activities of offshore companies in Bahrain are no longer limited to banking operations, but have gone beyond that to many other fields, the most recent of which is the area of drilling for oil and the entry into various types of operations. The Gulf Arab company Int Oil has begun to initiate exploratory operations in the oil fields by overseeing the drilling and development of a slice of the Mubarak field in al-Shariqah.

AL-ITTIHAD interviewed the engineer Dr Hasan Fakhru, general director of the company, about an Arab company breaking into a new field that had been monopolized by western international companies for a long time, and how it faces the difficulties that prevail in the area of oil at the present time. It also interviewed him about circumstances in the world oil market and expectations of a fall in prices below current levels.

[Question] The name Int Oil embodies an Arab Gulf step into a new and important field and yet many do not know anything about this company. How large is it, and what are its capabilities and the tasks in which it will be proficient in?

[Answer] The truth is that the basic aim behind establishing this company is to operate in the Gulf and world oil industry in all its phases, from exploration to production, and ending with industries based on petroleum products.

We began steps to establish the company in May 1984, and since then we have been able to lay the groundwork for a strong working system in areas of the oil industry. Int Oil's stated capital is \$60 million of which \$17.5 million has so far been paid. Arab Gulf citizens constitute the majority of the company's capital shareholders, in addition to some fellow Arabs from other Arab countries. Most of the shareholders are businessmen, oil experts, and those concerned with oil affairs.

In light of the current recession which the oil arena is experiencing, and the financial problems arising from this recession, we have taken a number

of consolidating steps with respect to the world oil industry. That became crystalized in the form of a plan in the United States, according to which we bought 54 percent of the shares of a company producing oil and gas in about 10 American states, and whose headquarters is in Colorado. This company, of which we presently own a majority, we named Arabco.

After buying the company's shares in the middle of last year, 1985, we turned to improving production methods and strengthening management by appointing an expert working with us in Int Oil as executive president of Arabco. At the present time we are concentrating on developing the company's potential in the United States to become Int Oil's principal workshop in the developed world, for the time being at least.

We also hope to buy oil stocks at reasonable prices and to develop those stocks through ArabCo.

We Set Out From Here

[Question] Will you concentrate on the other advanced countries of the world only? Where does the Gulf region stand in relation to your interests?

[Answer] We did not give preference to the Gulf region, for it is our starting point to the outside world, and we have seen before us a choice of services in the sense of the company's offering services to the oil industry which are currently monopolized by foreign companies. Therefore, we are presently working on evaluating the possibility of collaborating with a company offering these services at a technologically advanced level. We have concluded an agreement to collaborate in the drilling and development of a slice of the Mubarak oil field in the emirate of al-Shariqah, using a plan to drill 11 wells over the next 10 years until 1995, in cooperation with the American Buttes Oil and Gas Company, which is known locally in al-Shariqah as al-Hilal Company; this is in addition to the Finnish National Oil Company. We are confident that our participation in drilling and exploratory operations in the Gulf region will give us capabilities and strength in the Gulf oil industries, and that constitutes favoritism and a national duty, and is not done purely for the financial rewards.

[Question] What do you mean by your collaborating in offering oil industry services?

[Answer] The truth is that the field of oil industry services is large, wide, and extremely feasible, but international foreign companies dominate it at the present time. Therefore, it is necessary for Arab capital to exist as a partner in this area to develop local capabilities in it, for the field of services is equal in importance to the field of production and petroleum industrialization.

[Question] Do you believe that it is feasible, under the current oil circumstances, to begin new oil drilling operations which require that huge amounts of money be spent on these primary operations.

[Answer] As we all know, world industry in its various shapes and forms goes through phases of rising and falling prices. Almost all industries go through a phase of invigoration at some time, then they pass through recession and decline at another time. In spite of that, even during the darkest times, we find those who work in these industries, even though the advanced nations may leave such industries technologically and materially for various other parties to operate and to benefit from materially and nonmaterially. It is my belief that with greater awareness and precision we can continue to operate in the oil industry since it is still the greatest industry in the world on the one hand, and the basic and most important industry in the Gulf region on the other, in view of the fact that the states of the region are linked organically and in the future to this industry. Therefore it is necessary that we do everything we can to devote ourselves to the oil industry and to develop it and to benefit from it.

Price Expectations

[Question] How would you evaluate the present oil situation? Do you expect that oil prices will fall below their current levels, or that there will be an international economic crisis, as some economists believe, if oil prices fall below \$15?

[Answer] To begin with, I would like to focus on a couple of observations with respect to the price of a barrel of oil. The first is that the demand for oil historically and in general has not been directly linked to the price of a barrel of oil, whether the price of a barrel was a dollar or less, or whether it rose to \$40 a barrel as it did occasionally in the spot market between 1979 and 1980. With small, simple, temporary exceptions, the price of a barrel of oil has constantly been determined by an oil market monopoly, whether by the international oil companies as in the past, or by OPEC in the seventies. Therefore, raising the price of a barrel of oil by \$3, \$4, or \$5, or lowering it by a corresponding amount will not have a direct affect, in my opinion, on supply and demand.

Doubtless, if the price of a barrel falls to below \$15, alternatives to oil, whether coal or other alternatives, will be adversely affected because they will be more expensive and as a result will be used less, and that will happen in the event of an extremely large drop or rise in the price. But if the price of a barrel stays within reasonable limits, that is, between \$20 or \$30 a barrel, it is doubtful that a change in the amount of supply will affect demand.

The second observation is that in recent months we have been surprised by statements by some oil ministers saying that they expected prices to fall to \$18 a barrel. A senior economist in the region stated recently that the price of a barrel would fall to \$18, and previously a senior oil minister had expected that the price would stop at \$20, but today we find those who talk about a price of \$15 a barrel. I believe that these are all spontaneous opinions that are not borne out by market realities, but rather arise from psychological factors and fear which will prevail over the market.

In my opinion, as I have said, the price is not presently linked to supply and demand, but rather it is controlled by a number of factors, including of course the political factors. I used to believe that the price per barrel would not fall below \$10 a barrel, since much of the oil produced by states outside of OPEC costs more than \$10, especially in the North Sea region where the price of a barrel varies between \$10 and \$14, while some American oil costs between \$15 and \$20 a barrel. Therefore a drop in the price to below \$10 will upset the balance of supply and demand in a sense. In my opinion the problem here is temporary, and the non-OPEC producers must realize that what is happening now is not in their interest because of the shock to their governments' oil incomes that falling prices will cause, in particular Britain and Norway, in addition to the developing countries such as Malaysia, India, Egypt, the Sultanate of Oman, and others. When oil production of these states begins to drop noticeably over a year or two at the most, everyone will become aware of the abyss into which they have slipped.

Therefore I can say that under the worst of circumstances, the decline in the price of a barrel of oil will not last more than 2 years; rather, as many experts believe, the problem will not go on for more than 6 months at the most.

A War Exists

[Question] What do you think about what is being said that behind the current matter concerning prices there is an oil war between Britain and Saudi Arabia?

[Answer] The truth is that our own efforts are still just efforts. We know that efforts by the former imperialist powers in the developed world try various means to lower oil prices by which they wish to weaken OPEC and subsequently to weaken Arab power. That was confirmed in fact in recent weeks when some American officials made it known that they wanted to subdue OPEC and bring it to its knees. We have also not forgotten what has been said about the plan which former American national security adviser Henry Kissinger set up to achieve this goal after the Arabs used the oil weapons during the 1973 war. What I would like to stress here is that we as Arabs must be realistic and master our minds, and we must not be marked by emotionalism, for it is obvious that the advanced industrial states which have made great strides in scientific and technological advancement do not want to find themselves at the mercy of OPEC or the Arab states because that threatens the security of their economies and their existence as advanced industrial states. We should realize that in the final analysis, the friends of the Arabs are the Arabs alone and no-one else, as some believe

Because of all that, we have tried in recent years, as workers in the oil industry, to alert those who make the decisions in the region that the most enduring and most important friends of our countries are the citizens, the continuing development of our own technological and financial capabilities, and taking steps to free ourselves from technological, economic, and political dependency; that is the final weapon that we all have

[Question] What is the possibility that a formula will be reached that will reduce the severity of the effect of the drop in oil on the states of the region?

[Answer] It is no secret that those concerned with and responsible for the national economy are working very hard to lessen the dependence on oil. There are efforts being made in this area, even though, unfortunately, they have not crystalized in any way to diversify income, and the success of these efforts is still extremely limited in most of the states of the region.

In my opinion, diversification of income does not mean the production of additional industries that depend on the oil industries, because that means traveling in oil's orbit and depending essentially on oil and gas; most of our current industries depend on these two elements in one form or another.

We have spoken before and are still speaking about the need to set up a long-term strategy on the regional level, at the level of the Gulf Cooperation Council states, and at the level of the entire Arab nation. This Arab nations forms a vast area of land and people, and financial, human, and technical resources, and its states complement one another in large and numerous fields; this fact should not be ignored. In addition, there are our historical and spiritual ties which form strong bonds between us all as Arabs. What is needed is a short term local plan and a long term strategy which takes into consideration what the region has and what it must do and develops a program with all that in an attempt to define specific goals through these plans.

It must be stressed that building a factory does not mean industrial development, likewise, industrial development in and of itself is not enough since industrial development plans and strategy must be a part of comprehensive economic development. Neither one factory nor ten can be built if the goals behind a comprehensive development are not defined, and if we do not determine what we want 5, 10, or 20 years later, and if we do not determine in advance the rate of growth that we want as well as the local production, i.e., the proportions of foreign and local workers, and the proportions of literate and illiterate people in the country, etc.

Therefore, we cannot talk about industrial development or think about building a factory before we determine what signs and goals are going to be included in the national plan and the value of programming it in the form of long term strategies. In my opinion, this is one of the problems which we have been suffering over the past 2 decades.

Planning and Beating!

[Question] There are those who make a connection between planning in the Gulf states and what they call the "beating" that these states are taking because of the drop in oil revenues. Do you believe that prior organized planning would have helped to contain the current problem of oil revenues?

[Answer] The truth is that a lot can be said and more written about what concerns comprehensive social and economic planning, but very briefly I will

say that developing countries that are faced with many social and economic problems, in addition to the fluctuation in incomes that you see now--these countries cannot go through all that without learning lessons and crystalizing national plans and a long term strategy that takes into consideration the positive aspects and requirements of this country or that, and its demands and contribution for its work throughout and its being subject to constant revision.

Some have the erroneous belief that planning is based only upon what is done by socialist states that have centralized economies, but that is not true. A plan must be flexible and changeable. If we look at the most advanced state in the world, the United States of America, we will see that it has some kind of economic planning and coordination, and it is the same in Britain. For example, during the past 40 years, that is, since the Second World War and during the 4th and 5th Republics, both Britain and France have been known for ordered or inductive planning based upon a strategic plan.

What I would like to concentrate upon here is the role of the private sector which ought to perform an essential role in the development plan since its role is complementary to the role of government and the public sector. The private sector is the citizen of the country, but before he does anything, he wants to earn his bread and divide it among his family and relatives, and that is an essential fact of life. I agree completely with the saying that the strategic sectors must remain under state control, especially in the Gulf region. That includes whatever is connected with oil exploration and production. There is no disagreement over that, and I believe, through my work over a long period of time in the oil industry, that this industry must remain a strategy in the state's possession because it constitutes the largest source of income for the public treasury since it constitutes 90 percent of that income and perhaps more in many of the states of the region. In spite of that, there are still many fields in which the private sector can participate. Our purpose for saying that is not only to get special benefits for the private sector, though that is a necessary condition if it is to carry out its role and develop its capabilities, but there are two essential goals in this area. The first relates to competition, in the sense that there should not be a monopoly of specific services, or of a specific trade or economic activity in the state since that causes productivity to drop and burdens the citizen with more than he can bear. There are many examples, but this is not the place to discuss them now. We have tied our system to a free economy and therefore we should practice the fundamentals of a free economy. Free, honorable competition is one of the most important of these fundamentals. Also, low productivity in the government sector has increased and it must be reduced, especially since it is obvious to everyone. As for the other essential goal, it is the development of the private sector by developing the citizen himself since the private sector forms the greatest majority of the country's population. Whenever we isolate them to a confined corner we are thus restricting them and not developing that greatest slice in the manner that is required economically.

Rights of the Private Sector

[Question] Then is it possible to talk about developing the private sector within the framework of the state's comprehensive development plan?

[Answer] Yes. By that we give the private sector its right to operate and to work, and to develop itself in basic and important industries because of the national resources that this constitutes. That is because whenever the majority of the people commit themselves to simple projects and limited contracts and services that the government gives them, they will not have any affect on the national income.

12547/12955

CSO: 4404/273

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

SHABWAH, ABYAN GOVERNORS APPOINTED--Haydar Abu Bakr al-Attas, member of the Political Bureau and chairman of the Supreme People's Council Presidium, has issued two decrees of the Supreme People's Council Presidium appointing Sa'd Salim Faraj governor of the Shabwah Governorate and Muhammad 'ali al-Qayrafi governor of the Abyan Governorate. [Summary] [Aden Domestic Service in Arabic 1230 GMT 20 Mar 86 GF]

SECURITY OFFICIAL APPOINTED--Dr Yasin Sa'id Nu'man, member of the YSP Political Bureau and chairman of the Council of Ministers, issued a decree appointing Hasan Husayn 'Ali as deputy minister of state security. [Summary] [Aden Domestic Service in Arabic 1630 GMT 9 Apr 86 GF]

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CSO: 4400/157

BRIEFS

PROTOCOL WITH USSR--A protocol for education and scientific cooperation between YAR and USSR for 1986/87 was signed at the Education Ministry today. SABA' NEWS AGENCY has learned that according to the agreement, the Soviet Union will grant more than 200 scholarships for various specializations and a number of therapeutic grants, in addition to an exchange of visits by technical teams between the two countries. The protocol was signed by 'Abdallah al-Wahabi, director general of the Education and Technical Administration at the Foreign Ministry; and Yuriy Kirichenko, chief of Cultural Relations with the Foreign Countries Department at the Soviet Ministry of Foreign Affairs. [Text] [Sanaa Domestic Service in Arabic 1830 GMT 8 Mar 86 GF]

DEPUTY INFORMATION MINISTER APPOINTED--A presidential decree was issued today appointing 'Ali 'Sabra deputy minister of Information and Culture. [Text] [Sanaa Domestic Service in Arabic 2000 GMT 3 Apr 86 GF]

/12929

CSO: 4400/158

TALKS IN GENEVA TO CONCENTRATE ON SOVIET TROOP WITHDRAWAL

Hong Kong FAR EASTERN ECONOMIC REVIEW in English 17 Apr 86 p 22

[Article by Ted Morello]

[Text]

The pending seventh round of Afghan-Pakistani proximity talks is shaping up as the make-or-break session for negotiating a Soviet troop withdrawal from Afghanistan. "The May round is very critical," UN mediator Diego Cordovez told the REVIEW after reporting to the US State Department on his recent 10-day mission to the region, which ended on 17 March.

The UN undersecretary-general conferred for two hours on 4 April in Washington with US Undersecretary of State for Political Affairs Michael Armacost. Cordovez said that he "came away feeling that we have the support of the United States" for opening talks for the first time on a timetable for Soviet withdrawal and its linkage to guarantees against external intervention in Afghanistan. Earlier, Cordovez added, the three other principals to the talks — Pakistan, Afghanistan and the Soviet Union — had agreed to discuss "this central issue."

Cordovez said he is drafting a composite working paper to present in Geneva to foreign ministers Yaqub Khan of Pakistan and Shah Mohammad Dost of Afghanistan. He said it would contain his own proposals plus direct input from all parties concerned. In his March mission to the region, he added, "we worked out a set of understandings that are unequivocal, unambiguous — and confidential."

Agreement already has been reached on three of the so-called "instruments" which make up the four-part blanket accord proposal. The three deal

with post-settlement non-intervention, the return of Afghan refugees from Pakistan and US-Soviet guarantees that the pact's terms will be implemented. Cordovez said the new Geneva round, set to open on 5 May and to continue for two or three weeks, will "go straight to the fourth instrument — to negotiations on the whole question of the inter-relationship between non-interference and withdrawal. This is a breakthrough."

Until now, the Afghan-Soviet allies have refused to deal with withdrawal until they had a firm non-intervention pledge, principally from Pakistan and the US. For their part, Washington and Islamabad have balked at giving such assurances until Kabul and Moscow agree to an acceptable timetable for pulling out the 115,000 Soviet troops now based in Afghanistan.

Cordovez said that he received in Kabul an Afghan-Soviet draft of instrument 4 "which contains a timetable" for withdrawal. He declined to elaborate. However, Pakistani diplomats said the time frame is still too long. In the past, the Afghan-Soviet axis has proposed 12-18 months; Pakistan has held out for a six-month schedule. Pakistani diplomats say the deadlock continues on that point.

UN observers say the negotiating process also has been slowed by Pakistan's refusal to agree to Afghanistan's demand for moving from the current indirect Geneva talks to face-to-face encounters. Islamabad has said repeatedly that such a formula for discussions

would constitute de facto recognition of what it regards as the "illegitimate" Babrak Karmal government in Kabul.

However, Cordovez emphasised that in Geneva, "everything is going to be discussed; everything is negotiable." He conceded that even after an umbrella accord is signed, fleshing out specifics will be a long process. Who, for example, will monitor the Soviet withdrawal and a cutoff of aid to the Afghan guerillas? Even without such assistance, will the guerillas end their resistance?

"Tremendous mutual distrust" remains the principal barrier to agreement, Cordovez said. He explained that "each side believes that the other doesn't want a settlement." Nevertheless, Cordovez added, he senses that the suspicion is beginning to erode.

"We are now in a situation where some people on both sides are starting to believe that agreement is possible." However, he warned that the forthcoming round must show progress if that trend is to continue. Otherwise, he predicted, the deadlock could go on "for years." Asserting that there must be flexibility on both sides, he commented: "It takes two to tango."

► *Husain Haqqani writes from Islamabad:* Pakistan has reiterated its refusal to negotiate directly with the Karmal regime but is willing to sit with its representative to sign a comprehensive political agreement incorporating a mutually acceptable timetable for the withdrawal of Soviet troops. Kabul conceded to another round of indirect talks in Geneva after initially insisting on direct negotiations with Islamabad.

"Karmal gave in on the question of format in return for Cordovez's assurance that the Pakistanis would be willing to sit down with Afghan communists after agreement had been reached on all questions, including the timetable," a Western diplomat in Islamabad said.

Pakistani officials view the future of the peace process as hinging on agreement over the Soviet troop withdrawal timetable. A Pakistani official said: "We want withdrawal of Soviet troops within months, not years."

But, while the timing will be the focus of the next round of talks, a major issue had been to secure agreement over the format of talks. Pakistan rejected suggestions of direct negotiations, which would imply de jure recognition of the Karmal regime, but decided to respond positively to what Pakistan Foreign Ministry officials call "Soviet signals indicating willingness to withdraw."

Pakistani officials describe the May talks as crucial and say they are proceeding on the assumption that the Soviets want to withdraw, provided they are assured of a friendly government in Afghanistan and provided Afghanistan is not used as a base for operations against Moscow.

Two alternative hypotheses about Soviet intentions in Afghanistan challenge the current Pakistani assumption, and a Soviet refusal to negotiate early withdrawal dates would indicate their validity. These are the views that the Soviets are determined to make Afghanistan a permanent satellite of Moscow or that they will withdraw their troops only after strengthening the Marxist regime there.

Pakistan hopes that pressure from the Afghan resistance will help push Moscow to favour an early withdrawal, provided it does not have long-term occupation plans. If progress is made at Geneva over the withdrawal timetable, Pakistan will have to secure support for the settlement from Iran and the Afghan guerillas, which might not necessarily follow despite official optimism.

/9317

CSO: 4600/289

MUJAHIDIN ATTACK CAPITAL WITH MISSILES

Tehran KAYHAN INTERNATIONAL in English 26 Mar 86 p 1

[Text]

ISLAMABAD, Mar. 25 (Dispatches) — Islamic fighters twice bombarded the Afghan capital of Kabul in rocket attacks on Soviet military installations last week, Western sources said Tuesday.

The Western diplomatic sources, speaking on condition they not be identified further, said the Mujahideen fired six rockets at the west of Kabul on March 16 and fired another 14 missiles March 18. The attacks appeared to be aimed at Soviet military bases, they said.

Soviet artillery and missile batteries responded to the attacks with heavy fire and large troop formations were rushed into the city, the diplomatic sources said.

Government and Soviet security forces tightened security measures and troops conducted several major house-to-house searches following the attacks, the sources said. Troops involved

in the searches were covered by low-flying helicopter gunships, they added.

The sources also reported new fighting in the strategic Panjsher Valley to the northeast of Kabul, the Mujahideen launching attacks on Soviet and government positions on March 15. The Mujahideen attacked posts at Rokka, Bazarak and Anawa.

Soviet jet fighter-bombers were called in to support the attacked positions in the Panjsher and carried out two days of bombing attacks, the sources said.

There are an estimated 115,000 Soviet troops in Afghanistan aiding the communist government in the war against the Islamic rebels.

The Afghan government rarely allows Western reporters into Afghanistan and reports from inside the country cannot be checked independently.

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CSO: 4600/284

MUJAHIDIN INFLICT CASUALTIES ON GOVERNMENT FORCES

Tehran KAYHAN INTERNATIONAL in English 5 Apr 86 p 1

[Text]

ISLAMABAD, Apr. 4 (Dispatches) — The Afghan Mujahideen repeatedly ambushed a large task force of Soviet and Afghan troops in northern Afghanistan near the Soviet border and inflicted hundreds of casualties in 12 days of fighting, Mujahideen officers said.

Some 300 Afghan government and Soviet soldiers were killed in the fighting, the Mujahideen said. The government losses included four high-ranking officers, one of them the commander of the Afghan Army's 20th Division, they said.

The Mujahideen put their own losses at about 100 dead, including three senior Mujahideen commanders.

Jamiat-i-Islami, one of several major Afghan Mujahideen group, said it had received Mujahideen success reports from its commanders in Afghanistan's

Takhar Province of the fighting in early March. Takhar adjoins the Soviet border.

Party spokesman Abdul Rahim, who gave the following account, said the Mujahideen had set up ambush positions along a highway after learning that a joint Soviet-Afghan column with about 1,000 tanks, armored personnel carriers and trucks was approaching. The convoy was sent to clear the area of the Mujahideen and set up security posts to guard the road.

The Muslim fighters repeatedly ambushed the column from concealed positions along the road and the surrounding hills, hitting vehicles with rockets, mortar shells and rocket-propelled grenades, Rahim said. The column finally turned back after 12 days, he said.

Major Battle

Mujahideen officials based in Pakistan said in recent days that they had heard of a major battle in Takhar Province, but the Jamiat-i-Islami dispatches provided the first detailed reports from northern Afghanistan. The reports were brought by two Mujahideen officers who took 15 days to reach Pakistan.

The Mujahideen had killed some 200 Afghan government soldiers and about 70 Soviet soldiers, the Jamiat officers said. They also had destroyed 25 tanks and 48 other vehicles, they said.

A senior Afghan Army officer, identified as Col. Ismatullah, commander of the 20th Afghan Army Division, had been killed in the fighting along with his deputy and the divisional commissar and one other senior officer, the reports said.

/9317

CSO: 4600/284

BOMB EXPLOSION KILLS 4 NEAR BORDER

Tehran KAYHAN INTERNATIONAL in English 29 Mar 86 p 4

[Text]

PESHAWAR, Mar. 28 (Dispatches) — A powerful bomb flattened a small hotel, killing four people and injuring 14 others Thursday in the latest of a series of bomb attacks in this city close to the Afghan border.

Police said the bomb tore apart the ground floor of the Nasir Hotel, located in the Namakmandi area of the city, spewing shattered glass and debris into the street outside. Some of the injured were shopping in neighboring stores when the bomb went off, they said.

The hotel collapsed after the blast.

Pakistan Television reported in its evening broadcast that three of the dead were Afghan refugees and the fourth fatality was a Pakistani. Seven of the injured were Afghans, the network reported.

Police officials said they were searching the ruins of the hotel for traces of the bomb to determine its manufacture.

Peshawar has been hit by a wave of bombings that Pakistani officials have charged are the work of Afghan government secret agents. A powerful bomb tore apart the crowded office of Pakistan International Airlines on Jan. 23, killing four people.

The city, some 50 kilometers (30 miles) from the Afghan frontier, is headquarters for Afghan Mujahideen organizations fighting the communist government of Afghanistan. The Mujahideen use bases in northern Pakistan in their operations against the Afghan government and the estimated 115,000 Soviet troops in Afghanistan.

The hotel was owned by an Afghan national and catered primarily to Afghan customers, and presumably was singled out as a target for that reason, police officials said.

Artillery Fire Across the Border

Meanwhile, a government spokesman in Islamabad said Thursday that Afghan Armed Forces lobbed military shells and mortars into Pakistani territory in two incidents.

Nine civilians were injured Tuesday at Chaman, 400 miles (640 kms.) southwest of Islamabad, when Afghan Armed Forces fired 12 rounds of mortars, according to the spokesman.

The Afghan artillery, in a separate incident, fired 16 shells Monday close to the border village of Nawagai, 130 miles (208 kms.) northwest of Islamabad. There were no casualties or damage to property, said the spokesman who did not want to be identified by name.

The Afghan charge d'affaires in Islamabad was summoned to the foreign ministry and a strong protest was lodged with him over the unprovoked attacks, he said.

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CSO: 4600/284

INDIA

INDIA SEEN LEANING TOWARD UNITED STATES

Calcutta RAVIVAR in Hindi 9-15 Mar 86 p 9

[Column "Viewpoint" by Rajiri Saksena: "India Entangling in the American Web"]

[Text] Our foreign minister, Mr Baliram Bhagat, believes that his trip to Washington has been successful since the United States has promised super computer technology to India. Actually, Mr Bhagat had said in answer to a question in Washington that he was given indications at higher level for such a possibility. Later, he changed his statement and added that he expected such assistance.

According to reporter Bharat Karnad, while Casper Weinberger was very polite to Mr Bhagat, he did not give any hint that could make us believe that United States' policy on providing to India military technology assistance of any significance had undergone any change.

That the United States has begun to understand the need for issuing low interest rates from the World Bank is being considered the second feather in Mr Bhagat's cap. But actually the United States has just begun to understand the need and has not made any promise to issue a loan.

In a reception given in honor of our foreign minister by the House Foreign Relations Committee, only 4 of the 36 members showed up. From among these four, one left in the middle of the reception. The attendance in the Senate meeting was a little better. Senators like Patrick Moynihan, former U.S. ambassador to India, and Senator Jesse A. Helms, a supporter of "Khalistan", were also present there; people like them take every opportunity that they can to criticize India. In this meeting, Mr Bhagat was given a hard time on the issue of Punjab. All the senators, along with Moynihan, asked that India should relinquish its friendship with the Soviet Union and stop voting against the United States in the United Nations and other international organizations.

Instead of talking about fears of a war and military pressure, Mr Bhagat came up with a new approach this time. He said that India has to increase its defense budget whenever additional arms aid is given to Pakistan. This [increase in defense spending] is accomplished by cut in our development projects. A newspaper praised this logic with an editorial saying that the United

States is reacting seriously to Rajiv Gandhi's plans to move India into the 21st century. It added that now it was easy for the United States to understand its mistake in supplying weapons to Pakistan. But is it true? What actually happened was the the United States increased the amount of military and economic aid to Pakistan while Mr Bhagat was still in the United States! Pakistan will receive 669.3 million dollars in the new (86-87) budget year while the corresponding amount for the last year was 628.6 million dollars.

The World Bank secret report, Modification in Indian Policy Structure for Progress, is being followed to the letter by Rajiv Gandhi's advisers to move India into the 21st century. This report suggests that India should continue in the long run to encourage open imports and increase industrial growth, but primarily it calls on the government to tax the poor while reducing tax burden on the rich. It also urges the government not to benefit the poor by subsidizing agriculture, fertilizers and transportation and recommends curbing social welfare and poverty eradication programs and transfer of public sector industries to capitalists.

The recent increase in the prices of fertilizers, petroleum products, and bus fares indicates that this policy is being implemented. L.K. Jha, a prominent economist, has advised increasing school and college fees by 50 percent. The adverse effects of this policy are already being felt. Our budget deficit has reached 90 billion rupees and the foreign trade deficit is expected to be around 100 billion rupees. All developmental programs included in the Seventh 5-Year Plan are in jeopardy now. Now that our rulers are running to Washington for help with our financial problems, they are being advised to change our foreign policy. Mr Bhagat did not return with any definite promise of economic aid.

American industrialists and businessmen are also demanding devaluation of the rupee.

When Mr Bhagat was disappointed in getting any help, he began to give hints about a change in India's foreign policy. In his speech at the Center for Strategic and International Studies of Georgetown University, he hinted that India's policy about Afghanistan may change and that India may want to see Afghanistan become a neutral country just like Austria and Finland. Later, while talking to some Indian reporters, he went as far as to say that India will study its voting records in the United Nations.

It is clear that these economic advisers of our government who want to follow the advise given by the American World Bank want to present not only India's economic but also its foreign policy to the United States on a platter. Will the people of the country allow our rulers to give up the policies of independent economic growth and neutrality, policies which won India international respect despite all our problems?

7997/6662

CSO: 4624/10

IRAN

MUSAVI DISCUSSES RELATIONS WITH FRANCE

LD131120 Tehran IRNA in English 1100 GMT 13 Apr 86

[Text] Tehran, 13 April, IRNA -- Prime Minister Hoseyn Musavi said here Sunday that the Islamic Republic of Iran was awaiting a practical measure by the French Government for a normalization of relations with Iran.

speaking after a cabinet meeting Sunday morning, the prime minister said, "if France seeks to normalize its relations with the Islamic Republic of Iran it should revise in its stance on the payment of the one-billion-dollar debt, Iraq-Iran war, and its explicit support for terrorist groups."

Referring to various messages by the French Government for the normalization of ties between the two countries, Prime Minister Musavi said that Iran had also sent a message to the French authorities stressing that due to previous problems, it was France which had to show good-will towards those issues.

He also referred to the recent victories of the Islamic forces of Iran and the new stance by the French Government and said that Islamic forces were now in Al-Faw to achieve their legitimate rights. Therefore, he stressed, due to France's relations with Middle East countries and the role of the Islamic Republic of Iran played in the region, it was in the interest of France to be realistic.

On the possibility of the trip of high-ranking French officials to Iran, the prime minister said that it depended on the development in the affairs.

On the forthcoming session of foreign ministers of non-aligned countries, Prime Minister Musavi said that Iran would try to attract the attention of the non-aligned movement to support righteousness and oppose aggression.

He referred to the presence of the U.S. fleet in the Persian Gulf and the Mediterranean Sea and the U.S. threats in the region and said that the non-aligned movement was expected to condemn the U.S. aggressive attitude. He called on the forthcoming non-aligned movement conference to take a firmer, clearer and more decisive stance vis-a-vis U.S. aggression.

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CSO: 4600/285

MAJLIS DEPUTY CONSIDERS JAMARAN BETTER PLACE FOR UN

GF151258 London KEYHAN in Persian 10 Apr 86 p 6

[Editorial: "UN Headquarters in Jamaran"]

[Text] All of the Majlis deputies gave their time to Fakhreddin Hejazi, poet laureate of the regime, to blow off steam and say whatever he wanted. Before coming to the point, he noted that responsible persons speak in very guarded terms because their words are taken into account, "but we who are from the general public can speak openly at the international level."

In his pre-agenda speech on 17 March the Tehran deputy spoke about the political situation around the world and in the region. He started with Kuwait and said: "What is this Shaykh of Kuwait? Would his brother be any better?" No one has so far heard that the brother of the Shaykh of Kuwait has said: "This wounded cow--Iran--might attack us." But Fakhreddin Hejazi must have heard it. He responds and says: "To begin with, you are a cow yourself, we are a lion." He goes on to justify his remarks and says: "We are a lion to the extent that the entire world has acknowledged our awesome roar."

For the present, the Majlis deputy claims to be a lion in view of its awesome roar alone. This, of course, relates to his own person only. What concerns everyone is the new definition he has given to the word "cow." He defines a cow as an animal which does not give milk, but oil. He says: "It is you who are a cow because against delivery of 9 maunds of milk you pour 9 million barrels of oil down the throats of your masters."

Fakhreddin Hejazi does not consider the 10,000-man armed force of the GCC countries worth sending the Islamic Republic warriors after. He said: "Do they threaten us with the 10,000-man armed force of the American cooperation council in the Persian Gulf? My dear fellow!...[elipses as published] if you want to attack us, we will let our womenfolk face you; they can effectively deal with these 10,000 persons."

The Majlis deputy then goes slightly away from the region and embarks on Egypt. he addresses Husni Mubarak and says: "Until you know how to mount, we won't consider you a horseman -- you cannot even hold your headgear and shoes ... [elipses as published] you want to send forces against us?!"

Then he turns to Yasir 'Arafat and calls him a "wretched fellow." Apparently he forgets that the same Yasir 'Arafat was the first foreign guest who visited Tehran after the advent of the Islamic revolution to meet Ayatollah Khomeyni. This visit had given television viewers an opportunity to see the Ayatollah laughing, for the first time. It was laughter which was rarely repeated in later days.

Fakhreddin Hejazi tells the Ministry of Foreign Affairs to give up diplomatic norms concerning Yasir 'Arafat and openly say that he is an "international go-between." "He has had 30 years to fill his pockets in the name of Palestine ... [elipses as published] the people of Palestine are hungry and homeless, but his foreign exchange bank balance is equal to five times that of an African country ...[elipses as published]"

After he had finished with Yasir "Arafat, he turned to the international arena and went directly to deal with the United States -- the biggest power in the world. he said: "The United States also, if it wants to send its fleet...[elipses as published] let it send them...[elipses as published] we have deserts to make a burial ground for French, American, and British soldiers. We are also ready to go to the Persian Gulf and fight."

Mr Hejazi, after making his customary boasts took the real situation as insignificant compared to the hue and cry in propaganda. He said that the Majlis deputies and correspondents should give a decisive blow to Kuwaiti publications because the publications of this small, weak and puppet country insult our prestige, our identity, our courage, our independence, our grandeur, even, God forbid, our Imam.

The Tehran member of the Majlis of the Islamic Republic then turns to defeat the "oppressors" everywhere. He stated that diplomatic battlefield of the top most power of the world was hollow. He joins "Comrade Colonel Al-Qadhdhafi" in asking that the headquarters of the UN be removed from New York. However, he goes a step further than Al-Qadhdhafi and asks that the headquarters of the UN, after it is wound up in New York, should be moved to Jamaran!

Let us listen to him: New York is a center of spies and thieves. I am even now ready to collect money from our own deprived people and establish the UN headquarters in the holy hamlet of Jamaran. All of the nations of the world would then head for Jamaran because their hope lies there. It is a center of faith. We are ready to construct it and we will build it. There are 4 billion people who have heavy hearts against the UN that will find a hope there."

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CSO: 4640/254

FRG CORRESPONDENT DESCRIBES RELATIVE CALM IN TEHRAN

Hamburg DER SPIEGEL in German 31 Mar 86 pp 147-149

[Article by SPIEGEL correspondent Volk Windfuhr: "The Tea Leaves Settle to the Bottom of the Pot"]

[Text] The clatter of teacups and plates at the Islamic restaurant in Tehran's Chajjam Street is accompanied by Mozart's "Kleine Nachtmusik." "Western music is good for the digestion," explains the waiter to foreign guests, "that is why the government has rescinded the 6-year-old prohibition." While he talks, he dispenses a Coca-Cola, made in the United States.

At the "Enghelab" (Revolutionary) Cinema, a 30-year-old Humphrey Bogart film attracts juveniles in jeans as well as soldiers in olive-drab uniforms and older people in European street clothes. Two teenagers are even wearing neckties--the long-despised symbol of Western cultural imperialism.

A house wall next to the theater still bears the pan-Iranian graffiti "Down with the U.S.A." A likeness of Khomeini, lost in thought, decorates the windshield of a Fiat bus. Yet the driver, who clearly yearns for faraway places, had stuck a New York City decal on the rear window.

Tehran in spring 1986: a city full of contradictions. The anti-Western excesses of the first revolutionary years are almost forgotten. "The tea leaves are gradually sinking to the bottom of the pot"--this is the description used by a high administration official regarding the atmosphere 7 years after the popular revolution against the shah. "They are doing pretty well in terms of pragmatism," says a petroleum specialist from friendly Syria.

Tehran in the spring of 1986 is not the capital city of a country shaken by crisis in whose streets a merciless military regime chases passersby and where a clerical leadership, which has fallen into a religious madness, is out of bounds. Tehran also does not suffer from a war psychosis, although the Iranian-Iraqi war has now lasted almost as long as World War II.

The metropolis which has 8 million inhabitants has not become a collection basin for impoverished masses or unemployed hungry people. There is enough food available. The government and the new Islamic institutions are attempting to imbue the population with the feeling that the fruits of the revolution have

approached to within a graspable proximity. "The man in the street actually believes that he is better off today than under the shah," is the opinion of a West European ambassador.

The holders of power have noticed this and have, for that reason, lost a portion of their fear of foreign influence--and the subjects likewise. Thus, they once more feel free to frequent the "Kentucky Fried Chicken" quick-food restaurant which is now called "Our Fried Chicken."

Following the sharp restrictions of the first years, Western plays are once again appearing in theaters. Duerrenmatt's "Physicists" was a hit in Tehran. Books--many of which were recently considered to be potential spoilers--can be purchased at any street corner. At the bookstore across the street from the former American Embassy, there is even a display of "Kapital" by Karl Marx.

The fact that every visitor to the Ministry of Information must step on the Soviet flag, the American flag, and the Israeli flag, which are painted on the floor, when he is leaving the elevator is part of the ritual: "Our nation remains true to its fundamentals," says Radio Tehran, but adds: "This should not prevent us, however, from looking reality straight in the eye."

Reality, for example, is the fact that public order is now being maintained. Only 5 years ago, no single Tehran motorist stopped at an intersection when the light was red. In the meantime, the 2 million automobile owners of the capital city have had to understand that the revolution does not mean that they are allowed to proceed when the light is red.

Railroads, overland buses, and aircraft are once more sticking to timetables. "Things are going better than under the shah," maintains the manager of the "International Lale Hotel."

What is unusual is the nonchalance maintained by the Iranians again. An aspiring dentist from the suburb of Schamran criticizes certain of the practices of those in power in a half-loud voice. But he no longer turns around to look for a suspected shadow before he speaks.

In the daily newspaper ETTELAAT and occasionally even in the English-language propaganda journal KAYHAN INTERNATIONAL, commentators who have become comparatively courageous condemn mistaken decisions made by the government. In the Majlis, the parliament, the representatives of the people, who are mostly religious, engage in heated discussions. "The time of comfortably saying yes has passed," according to the president of the parliament Rafsanjani.

Naturally, there are still enough taboos. The form of government, which is said to be Islamic in nature, and the oversight function of the increased clericalism over the entire state are inviolate. Only: An overwhelming majority of the population is in agreement with it. The average Iranian appears to be content with the slogan which is emblazoned over the entrance portal to the University of Tehran: "He who is an enemy of the Imam Khomeini is an infidel."

Khomeini continues to be recognized as "rahbar--e bosorg" (great leader). He is considered to be the "guarantor for the proper course of all things," according to state television--as the invisible aid to life. Even convinced revolutionaries are now beginning to separate the wheat from the chaff. The sadists of the first hours, who in the name of the Koran tortured thousands of fellow citizens to death, are in retreat. It has been years since an adulteress has been stoned to death.

Also, the hunt for homosexuals is over. Malicious denouncers no longer prevail: Whoever is apprehended consuming alcohol need not fear receiving a whipping anymore, although anyone who celebrates much too freely might have to spend the night at a police station.

Iranian women are defying the overenthusiastic Islamic revolutionaries. Angry vice monitors write such slogans as "Death to the unveiled" on house walls, but they write in vain.

In all of Tehran, there are no veiled women's faces to be seen this spring. A head scarf worn over the hair is considered by women and girls clearly sufficient. Despite the fact that the appropriate prohibitions are formally still in effect, girls in skin-tight slacks, in clearly Western skirts and high heels can be seen on Wali-Asr Street.

At the winter resort of Disin, north of the capital city, Iranian women not only use the ski lift reserved for them, but also the one set aside for their male sporting colleagues. Islamic morals guardians have resigned even more: In the Bazaar of Tehran the oriental best-seller "Thousand and One Nights," which had been banned in Cairo last year, is being offered for sale. In the well-occupied luxury hotels and from the souvenir vendors on the Ferdousi Street, Isfahan miniatures painted on ivory and depicting bare-breasted women about town and happy tipling pairs of lovers are once more available.

Naturally, there are limits to the generosity. Video recorders are prohibited so as to make it more difficult to enjoy private films containing offensive sex. Islamic sensors protect the public by excising film scenes containing "active affection" (according to the censorship authority) and by abbreviating the texts.

Contacts with foreigners were considered by the revolutionaries to be a danger to the regime. Now as before, children are not permitted to attend foreign schools, Iranians avoid any overly close contact with members of the superpowers of the United States and the Soviet Union, which are being disparaged in equal measure.

Yet relations with other faiths have eased. Christians and Jews, as members of both pre-Islamic religious faiths, enjoy the full protection of the law. An Iranian curiosity: the 30,000 members of the Zoroastrian religious community are recognized by the state. In the parliament, Persian Christians have two delegates, Jews and the Zoroastrians each have one voting deputy. Unprotected, now as before, are members of the Bahai sect which have split from Shiite Islam. "Renegades from the true faith must be punished," according to a much-traveled textile businessman from the east of the country.

Everywhere on the Iranian streets, green-uniformed young people with sideburns and shoulder boards are prominent. They are either the volunteer members of the revolutionary committee or the "Pasdaran," the once more popular revolutionary militia. Tehran is divided into 14 council districts. "The committees consist of unqualified denouncers who like to play police," complains a captain of the city police about the competition. The revolutionary committees are under the jurisdiction of Interior Minister Mohtaschemi, one of the few ultras who still sits at the levers of power in addition to Khomeini. They hunt down drug addicts and alleged morals offenders on their own responsibility.

The Revolutionary Guard, on the other hand, the self-appointed "champions of the Islamic Republic," have turned from a brightly thrown-together horde of adventurous desperadoes to an elite group. They maintain an unknown number of their own prisons and receive three times the salary of regular soldiers. However, because they showed courage in the war against hated Iraq, they are more popular than before. They allegedly condemned the director of the notorious torture prison of Evin--naturally, in a secret trial.

In the meantime, the Pasdaran have their own air force and their own tank troops. Together with the volunteer youth warriors, the "Bassidsch," whose minimum age has been increased to 16, they are also responsible for continuing the war elan. The understanding of the war has changed in Iran: "Although the ayatollahs and the Pasdaran speak of an Islamic obligation to fight the heretic Saddam Hussein," an army officer said, "to the man in the street, this war is a war against the Arabs. For the simple village dweller, the word 'Islam' is identical to the word 'Iran.' The Persians have never been tolerant of the Arabs." This is one of the reasons why the war is so popular.

In the meantime, little can be felt of the war psychosis. In any event, ambulances and hearses and the special vehicle for blood donors, which is parked on Wali-Asr Square, remind one that Iranians are dying each day in the material battles against Iraq. Although the Persians know that several hundred thousand compatriots have lost their lives, the Iranian media do not speak of any "war dead"--all are "martyrs."

5911

CSO: 4620/34

THAI MUSLIM LIBERATIONIST ON MOVEMENT'S STANDS

LD130500 Tehran Domestic Service in Persian 1030 GMT 12 Apr 86

[Text] In an interview given to a correspondent of the Central News Unit, the representative of the Pattani Islamic Liberation Front condemned the deeds of the superpowers aimed at imposing hegemony on and exploiting the peoples and their capabilities, and called on all the world's liberation movements to follow the guidelines of Imam Khomeyni.

He said: In the Islamic territory of Pattani in southern Thailand, the inhabitants of which have been fighting for their independence for years now, wherever you go you will see pictures of Imam Khomeyni on the walls of the houses of the meek people who follow him. They are followers of Imam Khomeyni.

The representative of the Pattani Islamic Liberation Front said: our enemy enjoys U.S. and Israeli support, but our people respect the struggle waged by the Iranian people and are aware of their developments. Learning that the Iranians are now deployed in 800 sq km of land in the al-Faw peninsula is a cause for gladness, since the Iraqis enjoy the support of the West, Israel, Egypt and other plotters.

Referring to the victories scored by Islam's combatants, he said: Their victory is not that of the Iranian people alone, but rather the victory of all the Muslim peoples of the world, since Iranian Muslims are fighting not for their own liberation, but rather have risen for the liberation of all world Muslims.

Condemning the inhuman deeds of the warmongering Iraqi regime, particularly in the area of employing chemical weapons and attacking civilian airliners, the Pattani representative said: We hope that the Iranian people, who have entered the battlefield in the name of Islam, would triumph in this battle.

The Pattani representative said, in connection with the position of and struggles waged by the people of his territory: The Pattanis are demanding an independent Muslim country. This region in southern Thailand was independent in 1932, but in succeeding years the Thai Government annexed this region. The Muslim Thai leaders in their conferences abroad on 22 January 1968 set up the Pattani Liberation Organization with the aim of gaining independence for

the territory of Pattani from the Thai yoke, uniting Pattani and setting up an Islamic government.

He added: The situation of Pattani Muslims is extremely critical. Sometimes the Thai Government places the statue of Buddha in children's schools in Muslim-inhabited areas, since it wishes to change our culture into a Buddhist one and see the names of Pattanis definitely changed into Buddhist ones.

The representative of the Pattani Islamic Liberation Front said: We are enjoying the support of a great many Muslims. Particularly in the area of international policy we have been invited to attend conferences such as those of the nonaligned movement and the ICO. Therefore, Muslim Pattani leaders strive to obtain ever greater support.

He said: The Koran teaches us that we should rise against the infidels and iniquitous, and we are seeking unity. We have embarked on an armed struggle and a cultural struggle against the Thai yoke. Between 1968 and 1975 we fought 326 battles against Thai troops and security forces, and members of our Islamic group have been arrested and executed without trial.

In connection with the superpowers and his organization's stance toward them he said: All genuine Muslims in the world are opposed to the United States. Many problems, such as steps taken against Islamic activities and Iraq's ruthless war imposed on the Islamic Republic of Iran, are among the plots hatched by imperialism.

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CSO: 4640/256

OPPOSITION PAPER COMMENTS ON TERRORISM

GF131808 London KEYHAN in Persian 3 Apr 86 p 6

[Editorial: "The Lesson Which al-Qadhdhafi Does Not Learn"]

[Text] There has been a lapse of 5 years between the two chastisements that Mu'ammarr al-Qadhdhafi has received at the hands of the U.S. Sixth Fleet. In 1981, when Reagan had just taken over, Libyan fighters attacked the Sixth Fleet, which was maneuvering in the disputed waters close to Libya. Two of them were shot down by the U.S. F-15 fighters.

The clash supposedly ended there and then. However, the colonel, who is said to be mad and who is indulging in more of this madness now, learned nothing from this clash. He only came to know that he should not clash with the most powerful military and industrial power in the world. So far so good.

After that Al-Qadhdhafi had a hand in almost every act of terrorism against the West, particularly the United States, either directly or indirectly. In his insolence he went so far as to let his officials open fire from his embassy in London in broad daylight on a crowd watching a peaceful demonstration. A British policewoman was killed by this gun fire. British reaction was unbelievably lenient -- only the severance of diplomatic relations. Moreover, they allowed the terrorists, who as diplomats had indulged in this bloodshed, go to the airport and return to Tripoli. They were received in Tripoli as national heroes. Although the prime ministers and presidents of various countries in the world -- even those who show a serious face on television, but who allow events to happen in the corridors of their palaces which indicate that they have no decisive stand against terrorism -- condemn terrorism in cheap phraseology, they still seek to find a way to this man's heart.

Everyone used to say that Libya, along with the Islamic Republic, is a major international terroristic institute and all used to condemn it. However, we know how many obstacles they have placed in the way of international cooperation to crush terrorism.

Western countries, for reasons which need not be mentioned here, are susceptible to terrorist attacks but all of their security experts say that their susceptibility to terrorism could be lessened, though not completely removed.

The same Western countries used to conclude from this reality that Al-Qadhdhafi, Khomeyni, and their colleagues would take advantage of this susceptibility as far as they could. They also admitted that the more they fall short in their responsibilities, the more [the terrorists--FBIS] would be encouraged. This however, was for outward display only. In their minds they did nothing to show that they could act decisively.

The terrorists, if they do not understand anything else, well know that the world's communication network is international, in other words it covers the entire world. Cracks and unguarded places in this widespread network, wherever they may be, would hamper the operation of the entire network.

This is a big encouragement to the terrorists, especially since some elements in this important network cooperate in international efforts to combat terrorism but with the idea in mind that as long as terrorism does not hurt them, they can let it do whatever it wants in other places.

A result of such negligence and dereliction is that Ayatollah Khomeyni and Colonel Al-Qadhdhafi acquire power in international relations which has no relation to their economic and military strength, because of all the weakness and complacency in the Western countries help to add to their strength.

It was not merely incidental that, during the course of the maneuvers of the U.S. Sixth Fleet in the Mediterranean, Al-Qadhdhafi openly said that he has trained suicide squads to do whatever is required of them. He wanted to let the United States know that if they cross the line close to the Libyan waters -- the line that the Colonel has named the "line of death" -- the responsibility for whatever happens to them would fall on their own shoulders.

Despite this the "line of death" was seen in the bright light. SAM-5 rockets were fired toward the U.S. fleet. Al-Qadhdhafi is the last person to believe that the rockets had hit their target. Nevertheless, his news machinery was the first to report this happening.

Meanwhile, two Libyan boats which acted as launching-pads for the rockets were set ablaze. It does not seem that these incidents would be considered as carrying any serious international consequences, except protests and complaints to various international bodies.

However, Al-Qadhdhafi is not a person will swallow these indignities and do nothing. Even now he must be sitting in his palace or in a tent in some Libyan desert and thinking of the ways and means to retaliate in the form of some act of terrorism.

International terrorism has three main factors: cash, enchanted youth who are ready for anything, and the governments which provide resources to carry out terrorism.

Out of these three, the cash factor cannot be controlled. As long as the world lives, there will be enchanted fanatic youth and they will continue to exist hereafter as well. There is no possibility of removing these two

factors in a short time. Concerning the third factor, however, something could be done meaning that the countries which openly accord moral and material support to terrorism. International cooperation against terrorism must perforce centralize all of its efforts toward this very major goal.

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CSO: 4640/253

IRAN

CONFISCATION OF IRAQI CARGO SHIP REPORTED

LD131837 Tehran IRNA in English 1530 GMT 13 Apr 86

[Text] Tehran, 13 April, IRNA -- The Islamic Republic said Sunday it will keep an Iraqi cargo ship intercepted last November in the Sea of Oman but called on the owners of the vessel's cargo to collect their goods.

The Joint Staff Headquarters here said "inspection of the ship's ownership documents revealed that it was owned by Iraq but was sailing under the flag of another country to avoid confiscation by the Navy of the Islamic Republic."

The 23,618 ton "Ibn al-Bitar" was directed to port by Iranian warships late November from the Sea of Oman 400 km east of the Strait of Hormuz.

The headquarters said the owners of "Bitar's" cargo should present documents of their ownership within the next two months to Iran's shipping company.

"The ship was confiscated according to the accepted rules of international law concerning war and has been declared as war booty" the headquarters said.

Iranian Navy often inspects the cargo of ships in the Persian Gulf in an effort to halt the flow of equipment that would help the Iraqi war effort.

Commander of the Iranian Navy Captain Hoseyn Malekzadegan told IRNA that the 43 crew members of the ship except for four British officers have been sent back to their homelands.

"The (remaining) group should also leave the ship and return to their country. Most probably the ship was used for training and the British were the instructors" he said.

Crew members from India, Jordan, Iraq, Kuwait, Egypt, Palestine, Bahrain, Bangladesh and Britain were sent home through their embassies in Tehran.

"Bitar" was first registered in the Iraqi port of Basra, but its owner between 1981 and 1984 is unknown. Since then the Iraqi ship has been sailing under the flag of maritime country to avoid confiscation by the Iranian navy, according to the captain.

"Cargo of the ship, mostly owned by Kuwait, is of a variety...we have no claims over them...The owners can collect them after submitting sufficient documents" he said.

CLANDESTINE RADIO REPORTS ON MOURNING FOR SHARI'ATMADARI

GF111634 (Clandestine) Radio Iran in Persian 1330 GMT 11 Apr 86

[Text] Yesterday, in several towns across the country, thousands of Ayatollah Shari'atmadari's followers performed services, under severe pressure from the regime's thugs, marking the 7th day since his death. The Islamic Revolution Guards Corps [IRGC] and the revolution committees, terrified by the upsurge in antiregime demonstrations and the increasing wave of opposition by the people, especially in mourning services for Ayatollah Shari'atmadari, launched widespread action in order to prevent the 7th day services.

Security officials and IRGC men closed all roads leading to Qom 2 days earlier and controlled all vehicles entering and leaving town. Yesterday the IRGC and other thugs of the regime especially prevented the entry into Qom of vehicles and buses carrying mourners who wanted to take part in the 7th day services in Qom. Many grand ayatollahs, clergy, and the National United Front and other groups had called on others to take part in the services despite the regime's pressure and opposition. These services were scheduled to be held in the grand mosque of Qom.

The regime's mercenaries, during the past few days in several towns across the country, especially Tabriz, Mashhad, Tehran, Qom and Esfahan, have arrested a large number of followers of Ayatollah Shari'atmadari. They have used all their power to prevent the holding of the 7th day services.

The ruling criminals, in order to create fear among the people and to find excuses for more crushing action, exploded two very powerful bombs in Tehran's Khayyam and Ekbatan streets, Tehran, Mashhad, Qom, Tabriz, Karaj, and Reza'iyeh [now called Orumiyeh--FBIS] were scenes of demonstrations against the Islamic Republic's regime yesterday. In many instances these demonstrations ended in severe clashes between the people and IRGC men who were on full alert. During the past week the regime, using all its might, has tried to end the series of antiregime demonstrations which have assumed dangerous dimensions. But despite the arrest of several well-known clergymen in these towns and despite severe control and violent clashes between the regime's thugs and the people, sporadic demonstrations were held in these towns yesterday.

Initial reports received from the 7th day services in the grand mosque of Qom indicate that despite all the difficulties and pressures created by the

regime, the 7th day services for Ayatollah Shari'atmadari were held with many people taking part. At the end of these services the people demonstrated against the Islamic republic's regime and against the criminal actions of its leaders.

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CS0: 4640/257

JI LEADER SAYS PARTY NOT IN FAVOR OF MID-TERM ELECTIONS

Karachi DAWN in English 14 Apr 86 p 2

[Text]

MUZAFFARGARH, April 13: Jamat-i-Islami leader and Senator Qazi Hussain Ahmed and MNA Liqauat Baluch have said that there was no justification for mid-term elections and these would be held in 1990 after completion of the term on proportionate representation system.

Talking to partymen soon after their arrival from Multan, they said that they had struggled peacefully for restoration of democracy and avoided confrontation.

They said that credit went to Jamaat-i-Islami which had pushed back the dictatorial rule politically.

They said that they were looking forward for an ideal democracy for the last 39 years, and for the sake of it they accepted the results of referendum and took part in non-party polls.

They said that they would not allow anyone to preach secularism and would continue to struggle for the enforcement of Islam and Islamic revolution.

They demanded immediate approval and implementation of Shariat Bill.

They blamed the Government for employing delaying tactics in this respect by circulating the Bill for public opinion.

They also expressed concern over deteriorating law and order situation in the country and spiral

prices of essential commodities.

APP adds: **MULTAN** Qazi Hussain Ahmad, Senator and Secretary-General of Jamaat-i-Islami, said here on Sunday that the present Government should be allowed to complete its tenure, and added that any pressure on it for mid-term elections or stepping down would precipitate a crisis.

Addressing a Press conference here, he said the present elected Government might not represent an ideal democracy, but it was certainly a step forward in that direction.

He said the present political activities of the parties reflected a greater measure of tolerance and patience as compared to the past, which augured well for the future of democracy in the country.

He said the Jamaat's basic policy was to avoid confrontation both with the Government and the political parties, as establishment of democratic traditions demanded tolerance and large-heartedness.

The Jamaat, he said, accepted the present non-party Government, elections and even presidential referendum with certain reservations so that the country could get rid of Martial Law and be put on the road to democracy.

He said the Jamaat's policy was to allow the present Government to complete its tenure in office and allow it to hold fair and free elec-

tions on party basis, after which power should be transferred to a winning party. The Jamaat, he said, would accept verdict of people and accept a new government.

He said the country had been created on the basis of Islam and any deviation from enforcement of Islam in the motherland amounted to a negation of this philosophy.

He said, although there was no bar in the Constitution for a woman to become a Head of State or Government, it was not permissible in Islam.

In reply to a question, he said it was the right of people and the parties to take out processions and hold meetings. He said the level of freedom allowed by the present Government in this regard had no parallel in the past.

Replying to another question, he said that despite some intrinsic weaknesses in the present Government, it was not hated by people.

Qazi Hussain criticised the Government for what he called a shift in its stand vis-a-vis the Afghanistan issue.

He said the Jamaat took initiative in forging an alliance with Islamic political parties for bringing about Islamic order in the country.

In reply to a question, he said the nation had the taste of Bhuttoism for about seven years in the past and it was rejected by people.—
APP

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CSO: 4600/288

COMMENTARY VIEWS BENAZIR'S WELCOME, 'PERFORMANCE'

Karachi DAWN in English 12 Apr 86 p 2

[Text]

THE cameras could not capture it all, nor can all the superlatives in the dictionary. I will, therefore, use humble words. I have not seen anything like it before. Benazir Bhutto had the city at her feet the moment she landed at the Lahore Airport on Thursday.

The night before her arrival, we were discussing how large a crowd she would attract. I told a friend working with a Gulf newspaper that I expected something like 150,000. I have never been wider off the mark. I don't know where they came from but they were there. They were there at the airport, they were there at the Fortress Stadium, they were there on The Mall all day, and they were there at the Data Sahib's mausoleum. And above all, they were there at the Iqbal Parks in larger numbers than you could count.

They had come from all over the country. Even Mr Bhutto had not commanded crowds half as big at the height of his popularity. She took almost ten hours reaching the Iqbal Parks from the airport, waving at the crowds constantly a gruelling exercise in itself, followed by a 65-minute address in which she used what cricket commentators call "controlled aggression".

When the MRD public meeting was held here on January 29, I had said that Mochi Gate had spoken, and when Mochi Gate speaks, the

city moves, the Punjab moves, Pakistan moves. This last Thursday, however, Mochi Gate was quiet in spite of quite a reasonable show put up there by the Jamiat Ulema-i-Pakistan. It was the largest single-party meeting there since the withdrawal of Martial Law. And some very fine speeches were made by very fiery JUP leaders and there is not a more accomplished public speaker today than Maulana Shah Ahmed Noorani. However, Mochi Gate wasn't listening. Mochi Gate has this bad habit of turning a deaf ear to what is incompetent, irrelevant and immaterial in a given historical situation.

So Mochi Gate stood still against the JUP sound and fury. Mochi Gate knew that it was of little significance that Thursday. Mochi Gate knew that history was being made elsewhere and it stood silent in humble tribute.

Every word uttered at the JUP meeting was heard loud and clear even at the tailend of the Mochi Gate Bagh. On the other hand, thanks to the atrocious public address system at the Iqbal Parks, Ms Bhutto was not heard by a vast majority of the milling multitudes. That made no difference. Words were not necessary. It was, as she said, an "Awami referendum" and she knew she had won it. She didn't have to make any promises. Her presence was promise enough.

It wasn't really much that she said. In fact, under normal circumstances, it might have won her only a consolation prize at debating contest at, say, Kinnaird's. It is what she means to the people that matters and not what she says, or will say. And what does she mean to the people? Hold the general elections again — today, tomorrow

or the day after — and you will know what the Bhutto name means to the people. And it will be too bad if a lot of utterly undeserving, meanly ambitious people get swept back into power along with her. She can do what Mrs Gandhi did in 1969 to the old Congress syndicate led by Kamraj. By so doing, she will emerge stronger, not weaker.

But wait: Why should I jump to conclusions? Or why should I proffer unsolicited advice? What she does or doesn't do is her own concern. Small columnists never did history make. I hate punditry also. That's why I'll never be acceptable either to BBC or to The Times.

All I know is that if the Government of the day so desires, peaceful politics is possible in Pakistan. Since the withdrawal of Martial Law, the MRD, the Musawat Party, the Jamaat-i-Islami, the Tehrik-i-Istiqal, the Jamiat Ulema-i-Pakistan and now the People's Party have held completely peaceful meetings. Not a bullet fired, nor a tear-gas shell. No public or private property damaged. Half of the credit for this must also go to the Government. Any administration which is tolerant of dissent is a civilised administration. It only remains for it to prove that transfer of power can also take place peacefully because as I look at things after Ms Bhutto's Thursday performance, one bullet, one stone, one tear-gas shell at one public meeting, will be one bullet one stone, one tear-gas shell, too many not only for the Government, but also, unfortunately, for Pakistan. To bow before the will of the people is to bow before the will of God and what can be more Islamic than that?

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CSO: 4600/287

ASGHAR KHAN SAYS TI TO DEFY 'BHUTTOISM'

Karachi DAWN in English 12 Apr 86 pp 1, 10

[Text]

PESHAWAR, April 11: Air Marshal (retd) Asghar Khan said on Friday that his party would determinedly defy Bhuttoism because it had already been tried and failed in Pakistan. He warned that the people were not simple as to be befooled again and again by slogan-mongers who would be resisted by his party in order to save the country from reopening a sad chapter in the history of Pakistan.

Addressing a large public meeting of Tehrik-i-Istiqal at Jinnah Park on Friday, Asghar Khan de-

manded the withdrawal of Russian troops from Afghanistan but cautioned that this should be done through negotiations. He declared if his party was voted to power it would try for a confederatin with Afghanistan.

The Tehrik chief severely criticised 22 years of military rule with only brief spans of democratic rule and warned the armed forces that the country would ultimately distintegrate if they did not stop the adventurists among them. He recalled the observation of the Founder of Pakistan, Quaid-i-Azam

Mohammad Ali Jinnah about the armed forces of the country that they were there not to rule even as partners in power but only to defend the geographical frontiers of Pakistan. If the generals heeded this advice, the story would have been far different, he observed.

He denounced the eight-and-a-half years of Gen Zia's rule and said his words were inconsistent with his deeds.

He also recalled that the late Mr Zulfikar Ali Bhutto had accepted all the demands of former PNA in 1977 when all of a sudden the General committed treachery and changed the course of history to the detriment of Pakistan.

Referring to the MRD, the Tehrik chief reaffirmed his party's participation in it saying that three of its basic points still remained unachieved for which struggle had to continue unitedly. He however, did not favour an election alliance of MRD component parties arguing that an 11-party conglomeration with different party programmes and manifestos could not last very long if a coalition was established.

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CSO: 4600/287

ZIA URGED TO GIVE UP ARMY CHIEF'S POSITION

Karachi JASARAT in Urdu 19 Mar 86 p 3

[Column "Political Talk" by Abdul Karim Abid]

[Text] The belief expressed by parties which boycotted the elections that changes would not follow in the wake of elections has been proven to be false. On the contrary it is generally being felt that a lot of changes occurred and further changes will certainly take place. Pir Pagara has been safely awaiting the 1987 revolution for a long time. But the people are not in a mood for the 1987 revolution. They want to see a new turn in the political arena in 1986. If political parties are allowed to carry on their work without any restriction or hindrance there will certainly be a big change in the political field.

First and foremost the people would like to see an end to every kind of interference by the military in government and the political affairs of the country. In this connection, massive pressure is being brought to bear on president Ziaul Haq. He is being told to give up his military position and be content with the civilian post of being the president of the country. There is no doubt that even in his position as the civilian president he will enjoy extraordinary powers at a time when, besides being the president, he also retains the portfolio of staff. He is seeing things happen against his will and cannot take any action other than issuing a statement now and again criticizing the conduct of the assembly and the media. This criticism too is costing him dearly as he has been blamed for violating the rights and privileges of the assembly. As long as the president wears a military uniform and wields military authority, he is forced to see his own philosophy and ideologies crumble right in front of his eyes and not be able to do a thing about it. He is, himself, responsible for the defeat of his non-party philosophy. Despite passing amendments at will directed at declaring the 1973 constitution undemocratic, unparliamentary and unfederal, all the different segments of society throughout the country stand united in their demand that the 1973 constitution be restored in its own right and with all of its conditions and requirements. Thus the nation's conscience has refused to accept the amendments.

Even though the members of the assembly acknowledged the supreme status of the president in every respect for the time being, the assemblies themselves

are becoming supreme and, with the debut of the political parties, their supreme status will be further enhanced, because in the political parties the Junejo government will have the assistance of sentinels which will support the assemblies in their struggle against the president, thus increasing their chances of success.

It is true that many political parties do not recognize the existence of this assembly but, instead of quarreling with the prime minister and the members of the assembly, are desirous of coming to some kind of agreement with them. It is quite possible that no agreement may be reached, but it is not possible to reject the members of the parliament. As long as the possibility of agreement exists, recourse will not be taken to agitation. It is the policy of the opposition parties to allow the Junejo government and the assemblies to remain in the capacity of an effective party opposed to the president. Whenever there is a power struggle between the president and the assemblies, the political parties will side with the representatives of the people and the assemblies of the people.

As far as President Ziaul Haq is concerned he is a military man, and military people know the art of retreating in an orderly and well-organized manner. It is quite possible that the president may (already) be exhibiting this art, that very slowly he is retreating step by step and that a point may be reached when only a powerful assembly and an all-powerful prime minister will be the survivors. The president, after completing this historic act, will himself become a part of history. Historians will record this surprising but pleasant episode, being certain not to omit any of the characters in this historical drama. If the president has really been thinking on these lines, it is indeed a very great and successful diplomacy. This diplomacy, besides being useful to the president himself, will also be beneficial to the nation. If the president were to quit his post and make room for a new power elected entirely by the people, there would be no mental or psychological obstacle to coming to an agreement with this powerful civilian force. With the removal of the object causing the obstacle, even the people who have tired of fighting with one another and have no strength left to further their quarrel will come to an understanding.

Would to God that this be the case. But it is also quite possible that the president may (be inclined to) give vent to his anger and fury by using his special powers and thus try to prove that democracy can benefit only the poppy growers or the enemies of Pakistan engaged in breaking up the country. The people are fully aware of this kind of hypocrisy. It is useless, and no one is giving any importance to such a strategy. It is quite possible that after such an announcement, nothing would really happen immediately, and listlessness and stillness might be felt everywhere. This is something that the nation will no longer tolerate and, after making progress towards democracy, the president will not succeed in pushing it back. Imposing renewed martial law will become inevitable and, along with democracy, the president will bring disgrace upon himself. Certainly the president who has been ruling for the past 8 years is not foolish enough to cut the branch of the tree on which he has been sitting. It would be foolish to believe that, if the democracy introduced by the president

fails or stops functioning, the president would have an excuse to start a new experiment or able to start some new tricks. There is only one way left open for the president and that is to make this democracy stronger every day and give in to all its demands.

It is in the interest of the nation, political parties and the opposition to have a president who is willing to retreat or can be made to retreat and who should realize that, with the passage of time, side by side with the weakening of his position the strengthening of democracy is inevitable. When president Ziaul Haq ended martial law, he had very well realized that the days were over when he could do anything he pleased. Now he will have to face the representatives of the people who would naturally and as a matter of exigency demand more power and authority and, instead of remaining an obsolete body, would like to have a meaningful existence. The assembly formed by President Ziaul Haq was not based on basic democracies but on adult franchise and, on this basis, no single individual can dominate the elected assembly.

In England, where traditionally monarchy was very strong, the parliament formed by the king once ordered him beheaded for declaring that he, not the parliament, held the supreme position in the country. The parliament that ordered his execution was not formed on the basis of adult franchise. It consisted of lords and big landowners, but the 16th century landlords considered government by a single person an affront to themselves. But now in the 20th century it is impossible for the people and their representatives to be overpowered by a single individual. The elected parliament of the people may not be supreme in the beginning, but ultimately it will definitely become supreme or else it will end its existence rather than allow limitations to be imposed on its authority or allow itself to be turned into a lifeless, listless body. In truth, democracy cannot exist in an autocratic form of government and, similarly, autocracy and democracy cannot co-exist. It is important to note that only one of these two distinct institutions can function at one time. President Ziaul Haq, himself, knows very well that two swords cannot be contained in one sheath and, therefore, one of the two swords will have to go.

During the regimes of dictators, there comes a stage when the dictator feels he can no longer retain the power and authority he has been enjoying. At this stage, he prepares to transfer his power and authority to the people. But some mental reservations hinder the process, certain anxieties, some elements get in the way. If the leaders of the nation are wise, they can help the ruler in getting rid of obstacles, removing anxieties and setting at rest all suspicions and, thus, provide whatever support is necessary to induce him to retreat. Ayub Khan asked for support when he found he could not continue to rule any longer. Similarly, after the fall of Dhaka, Yahya Khan and the military junta, too, asked for such a support and held discussions with late Bhutto in this connection. But with these rulers it has also been the misfortune of the people that every ruler had to hand over authority to the army. Mr Bhutto himself, for example, instead of winning the confidence of the representatives of the people and the parliament, became the chief martial law administrator. Today we see

President Ziaul Haq seeking the support of the people to disentangle himself from the intricacies of the situation. At this time he will become prepared to transfer everything to the people. Should this opportunity be lost, as has been the case previously, and, like before, the old dictator is pushed aside and a new and more powerful dictator is brought in his place, we will be deprived of not only democracy but God alone knows what else. This very aspect of the situation has made President Ziaul Haq a necessity for his adversaries. Everyone, his foes and friends alike, hope that rather than have the president and his leadership fall apart all of a sudden, the transition process will take place smoothly and that a strong civilian leadership will be present for reaching a political settlement and starting a new political journey.

9315/9190

CSO: 4656/62

DRASTIC CUTS IN SUBSIDIES SAID UNDER STUDY

Karachi DAWN in English 14 Apr 86 p 1

[Article by M. Ziauddin]

[Text]

ISLAMABAD, April 13: The Government is reportedly studying a proposal envisaging a drastic cut in the obvious and hidden budgetary subsidies from the next financial year.

The proposal is said to have suggested that at least subsidies worth Rs 8 billion, from the total of Rs 20 billion obvious and hidden budgetary subsidies, should be withdrawn immediately.

As a trade-off, the proposal has suggested that a part of the expected benefit to the next year's budget as a result of world oil price crash should be passed on to the general consumers, industry and agriculture.

The proposal has estimated that if the withdrawal of a Rs 8 billion worth of subsidies is matched with a Rs 5 billion benefit to the public from the expected savings from oil imports the budget for the next year could be balanced without much effort.

The proposal is said to have identified the subsidy on atta, steel mill products, some fiscal subsidies and export rebates for withdrawal.

The withdrawal of such a big chunk of subsidy is also expected to result in the IMF agreeing to rescheduling of its loan of 1.7 billion dollars given over a period of three years ending 1984 and whose repayment amounting to 2.4 billion dollars is to start from next year ending 1993.

Also, the withdrawal of subsidies is expected to make Pakistan once more eligible for World Bank's sectoral loans amounting to about 600 million dollars which Pakistan earlier was unable to mobilise because of its incapacity to implement some of the attached conditionalities.

It is felt that if there was no rescheduling of IMF loan and no flow from World Bank's sector loans, Pakistan's ability to meet its de-

velopment obligations would come under serious pressure as the country would then have to make available as much as two billion dollars annually from 1987 onwards for amortising its regular debt as well as special debt including the 1.7 billion from IMF aid the 3.2 billion dollars being incurred currently from the US aid package.

However, the proposal for the withdrawal of subsidy and slashing

of domestic oil prices in the trade-off is being opposed by the Finance Ministry, according to knowledgeable circles.

The Federal Finance Ministry is said to be totally opposed to the proposal of reducing domestic oil prices on the plea that this would upset the budget balance and force the Government to levy new taxes and enhance the level of existing taxes.

The Finance Ministry, according to informed sources, wants to use the windfall from the oil price crash for balancing the next year's budget.

In order to clinch the issue, the Ministry is said to have advised the political government against withdrawal of even a part of the subsidies which would, in its opinion, cause a lot of economic dislocation and hardship and result in a political backlash.

/9317

CSO: 4600/288

COMMENTARY EXAMINES DISTRIBUTION OF REVENUES AMONG PROVINCES

Karachi DAWN in English 14 Apr 86 pp 7, 10

[Article by M. Nawaz Khan]

[Text]

A STALEMATE is reported to have developed in the deliberations of the National Finance Commission. Such a development, if true, is not entirely unexpected. In the absence of a prior agreement on the extent of fiscal devolution and the manner in which it was to be achieved, the provincial Finance Ministers, in their capacity as members of the Commission, could not be blamed if they pressed for a tax-sharing formula that was most favourable to their respective province, irrespective of its repercussions on finances of the Federation and other provinces.

That is what the Finance Ministers have been, probably, doing and that is the cause of the reported stalemate. It appears that the moment there is no common perception, among the members of the Commission, of overall national interest around which a consensus could be evolved.

Distribution of revenues between the Federation and the province, through the National Finance Commission, is no merely a technical job to be done by bureaucrats, but a political exer-

cise also. Technical arguments and statistics produced by bureaucrats may be helpful in clarifying the issues but differences of opinion would be resolved at the political level only. In view of that, the Commission's work could have been made easier, and less recriminatory, if, instead of leaving everything to the Commission, the ruling party had ironed out the differences of opinion on the extent of financial devolution desired by it, in the party caucuses. If members of the Commission had known the party stand on the core issues they would have, hopefully, tried to work out practical compromises rather than indulged in intransigent posturing.

Nationwide consensus

Unfortunately, the present ruling party, because it hardly exists outside the corridors of power, cannot be expected to play a catalytic role in the evolution of the nationwide consensus on the question of distribution of revenues. This task must be performed, therefore, by the Prime Minister in consultation with the four Chief Ministers and his other senior colleagues. But it appears the Prime Minister would wait for the Commission's report before he takes upon himself the difficult task of satisfying provincial aspirations in the matter of sharing of resources. Only time will show whether he will be able to

carry the provinces with him at that late stage.

The 1973 Constitution gave a raw deal to the provinces in the distribution of revenues. It placed all the taxes which have a growth potential and elasticity (except tax on agricultural income) in the Federal legislative list and gave the provinces only an assurance that the revenue-sharing formula will be reviewed regularly at five yearly intervals. Even that assurance has not been honoured but, then, the fault does not lie with the Constitution. In fact, it could be argued that it was not the Constitution, but its suspension, which was responsible for the present sorry state of provincial finances.

While it may be reasonable to assume that the situation may not have been that bad if constitutional processes had not been suspended, it must be appreciated that the Commission's authority to make recommendations to the President is circumscribed by Article 160 of the Constitution. Under this Article, the Commission can make recommendations in respect of three taxes only, viz, income tax, sale tax and export duty on cotton. There being no possibility of export duty being imposed on cotton in the near future, the mandatory divisible pool has been effectively reduced to two taxes only.

The discretion to include other taxes and duties in the divisible pool, under Clause 3 (iv) and (v) of

Article 160, rests with the President (i.e. the Federal Government), who may or may not, exercise that discretion. The provinces cannot, therefore, base their case for additional revenue assignments on any mandatory provision of the Constitution. The provincial Governments may continue to plead for financial autonomy but the Federal Government, without being accused of violating any specific provision of the Constitution, may choose to keep them dependent by doling out annual non-obligatory grants instead of giving permanent assignments of revenues. The fact that one party to the deliberations in the National Finance Commission, the provinces, has weak constitutional case, is a major impediment to fair distribution of resources between the Federation and the provinces.

Obstacle

The present state of the Federal Government's, in fact the country's, financial situation is also a big obstacle to fair distribution of revenues. Last year had ended with a huge deficit of over Rs. 18 billion and, if there is some truth in recent Press reports, the current year may not be any better, notwithstanding the assurances given by the former Finance Minister. The task before the Commission would have been less difficult if Revenue Account of the Federal Government had shown even a small surplus. In the face of this huge deficit, the President may be reluctant to accept any recommendation of the Commission that obliged the Federal Government to assign a predetermined percentage of certain taxes to the provinces.

The reason for this reluctance is obvious. Once the Commission's recommendations are implemented through a Presidential Order, assignment of specified share of divisible pool of taxes to the provinces becomes obligatory and, hence, cannot be changed arbitrarily by the Federal Government. On the other hand, non-obligatory grants can be adjusted from year to year to suit federal government's own priorities.

Since the Federal Government is not obliged under the Constitution to share with the provinces any taxes, other than the three specified in Article 160, the provinces' case for additional revenue assignments rests on their inability to balance their budgets with revenues raised under their own authority and assignments received from the Centre under President's Distribution of Revenues Order No. 2 of 1975, as amended by Order No. 8 of 1983. A question could be raised, therefore, whether the cause of provinces' inability to balance their revenue budgets was their unwillingness to optimise provincial resources or the fact that provinces and already tapped provincial heads of revenue to the point of saturation.

When these questions are raised, there are bound to be sharp differences of opinion on the provinces' potential to raise additional revenues. Disagreement on this account between the federal and provincial governments is likely to become another obstacle to fair distribution of revenues.

The provincial Governments may not have fully exploited the heads of revenue available to them but the desire to have financial autonomy, by securing their due share in federal taxes, is very strong and urgent in all the Provinces. It ought to be conceded by the Federal Government, not sidetracked on the plea that it should await redistribution of subjects between the Federation and the Provinces through a constitutional amendment. De facto devolution of financial powers can be carried out, as explained below, provided there is political will to do so. Conferment of financial autonomy on the provinces at this stage will also strengthen the hands of those politicians who, while advocating complete provincial autonomy, do not wish to reduce the Federation to the status of an agent of the provinces, established to manage some common services for and on behalf of the provinces.

Identification of taxes and duties that could be transferred from the Federal list of subjects to the pro-

vinces, without weakening the integrated character of the country's economy, is a prerequisite to any formula of fiscal devolution. A tax on consumption of goods (sale tax) appears to be most suitable for this purpose. It will not affect the present character of the economy even if, in due course of time, the tax is imposed by different provinces on different goods or at different rates.

If a general sale tax on consumption is levied, the existing sale tax will have to be abolished. It is really customs duty when levied on imports and excise duty when imposed on locally manufactured goods. If its incidence was desired to be retained in addition to the consumption tax, it could be merged with customs or excise duty as the case may be.

Consumption tax

Tax on consumption is a Federal subject. Para 49 of the Federal legislative list given in the Fourth Schedule to the Constitution, reads as under:

"Taxes on the sale and purchase of goods imported, exported, produced, manufactured or consumed."

Language used by the Constitution is so comprehensive that it leaves no room for imposition of a

tax on consumption, no matter what name it is given, under the authority of provincial Governments. This impediment can be removed if provincial Governments are appointed by the Federal Government its agents, under Article 146 of the Constitution, for administering and collecting the tax. The proceeds of the tax will be retained by each province.

Imposition of a general sale tax would, of course, require some changes in the rates of excise duty on those goods which were subjected to the new tax. Reduction in the rates of excise duties would adversely affect Federal tax receipts but that would have to be accepted as the price of fiscal devolution.

When sufficient experience has been gained by the provincial Governments in administering a general sale tax, and tax collecting machinery has been strengthened, the tax could be converted into VAT. If VAT, which has almost unlimited growth potential, is accepted as a provincial tax, the provinces would get full fiscal autonomy.

It is agreed by all that the two less developed provinces, the NWFP and Baluchistan, need additional resources for their economic development. But who is to provide the needed resources? What would be the reaction of Sind and Punjab

if the Federal Government asked them to spare some resources from their share for the NWFP and Baluchistan? It is almost certain that the two provincial Governments will insist that Federal Government is responsible for helping the less developed areas of the country. In a federation this responsibility is, no doubt, shouldered by the Federal Government but a serious disagreement on this point could become another obstacle to evolution of a consensus among the members of the Commission.

It is to be hoped that the Commission will recommend to the President not only continued sharing of income tax (assuming that sale tax goes to provinces), but also inclusion of other taxes and duties in the divisible pool under Clause 3 (iv) and (v) of Article 160 of the Constitution. The need of the hour is that the Federal Government should be generous, not merely fair, to the province by making full use of all constitutional and legal devices to overcome obstacles in the way of real financial devolution. If the provinces are satisfied with distribution of federal taxes, the provincial governments may even start expanding their tax base within the existing constitutional framework.

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CSO: 4600/288

SUGGESTION MADE TO REDUCE OIL PRICES

Karachi DAWN in English 12 Apr 86 p 7

[Text]

THE Federal Petroleum Minister has now come up with the novel plea that the Government will take a decision on whether to reduce oil prices after the meeting of OPEC scheduled to be held a few days from now. Among other things, this surprising statement is contrary to what the Minister had said about a month back. At that time, talking to newsmen, he had asserted that if the downward trend in oil prices continued, the Finance Ministry would then be asked to decrease prices in Pakistan also. Since then the downward trend in oil prices has continued unchecked, with prices registering record lows that were unimaginable some years ago. Despite this, there has been no response from the Government to widespread demands for reduction in the domestic price of oil — a stance which was not all that unpredictable. It should be noted that since the present price of domestic oil products was fixed, the international price of oil has crashed. At the outset, some years back, an attempt was made to justify the failure to reduce prices with the claim that long-term purchase contracts prevent it in

Pakistan's case. Latterly, even this excuse has ceased to have any semblance of validity, and it has simply boiled down to a case of the Government refusing to lower prices in disregard of all logic. The claim that it is waiting for the outcome of the OPEC meeting can only be viewed as merely another attempt at evading the main issue.

Several assumptions have been made by the people about the Government's position in regard to domestic oil prices. One is that a substantial gap is expected in the revenue budget for the current year, partly because of losses sustained in various forms of public sector trading, and the Government hopes to meet the shortfall with savings effected in the import and sale of oil. It is also said that reducing the price of oil will cause a reduction in the price at which locally produced oil is purchased from companies, which will act as a disincentive to further drilling operations. Between these choices, and the other suggestions put forward to justify the official position, the obvious reason seems to be that the Government simply does not

wish to part with a good thing — the windfall that reduction in international oil prices has brought in. This is the more obvious reason also because no official has seen fit to deny it. One can sympathise with the official position but, unfortunately for the officials, there are other vital factors and possibilities that must be taken into account. In this case, there are sound economic reasons for lowering prices, since it will provide much needed economic stimulation and, consequently, return to the Government in the form of taxes some of the money it loses in oil price reduction. Apart from economic reasons, there is also the fact that continued suspense on the question of price reduction tends to create an impression that the authorities are immune to both popular demands and logic. Such a large fall in import prices should at least result in a proportionate, if smaller, fall in domestic prices. It is to be hoped that in order to remove any lingering public misapprehension, the Government will review its position and come out with appropriate explanations — and a revision of oil prices.

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CSO: 4600/287

DETERMINED, CONCRETE MEASURES URGED AGAINST CORRUPTION

Karachi DAWN in English 11 Apr 86 p 15

[Text]

RAMPANT social diseases need to be battled on the same basis as biological epidemics. When a section of society is afflicted with cholera or diphtheria, it is not normal practice to solicit the opinion of affected persons and their relatives in a bid to identify the virus and decide whether the disease should be treated by a team of neurosurgeons or heart specialists. Any attempt to proceed thus would invite ridicule and dismay, and delay the cure. Much the same can be said about the questionnaire issued by Committee for the Study of Corruption set up by the Prime Minister. The queries it poses are either too simplistic, simply unanswerable or supremely irrelevant. The first question, for example, seeks to know which department or departments are 'more deeply involved in bribery or corrupt practices'. Varying answers can be expected, given the fact that responses will essentially depend upon which department an individual has had to deal with most frequently. However, a certain consensus of opinion exists regarding the 'pre-eminence' certain departments can claim in this matter. The next two queries seek to elicit

public opinion on the percentage of Government servants susceptible to bribes or otherwise corrupt ten years ago and at present. The overwhelming majority of responses will consist of wild guesses, since only elaborate and dedicated research can yield even approximate answers. Other questions deal with the psychology of graft-taking and graft-giving and the most suitable means of combating corruption.

While there can be no argument about the need to battle this disease, which has invaded our society in a big way, the means adopted by the new committee raise serious doubts about its competence. The wide prevalence of corruption and the causative factors behind it require no generalised investigation. Even if a large number of conscientious citizens send the committee duly filled-in questionnaires, it is hard to see how this could aid the anti-corruption campaign in concrete terms. All that months of hard labour can yield would be a large dossier of divergent opinions on the subject — a document of dubious value as far as the task at hand is concerned, although it could be of assis-

tance to future social historians interested in knowing the state of health of our society. The causes of corruption are widely known. So are the remedies. What appears to be lacking is the political will to initiate action to root out and prevent the gigantic evil that has eaten deep into our social health and economic welfare, and makes mockery of all the values and norms that we profess and pledge to uphold. The most obvious symptom of this deadly disease is the fact that a sizable section of our officialdom lives beyond its means, and makes no attempt to disguise this aberration. Ostentatious displays of sudden affluence — usually the harvest of corrupt practices — are common. Psychologists would vouch for the fact that once the first step away from the norms of conduct and integrity has been taken, subsequent offences weigh progressively less heavily on the conscience. Ultimately, no qualms whatsoever are entertained about soliciting or offering a bribe. Of course, a variety of closely inter-related factors is involved in the insidious process, and

the immediate cause for succumbing to the temptation for the first time differs from one individual to another. However, the trend is similar at all levels, and once a person falls into the rut, the tendency towards self-aggrandisement acquires a momentum of its own.

Soon after assuming office, the Prime Minister made it known that he attached great importance to the task of eliminating corruption. However, little or no progress has been registered so far in this regard. The establishment of a Committee for the Study of Corruption is not in itself an assurance that a big clamp-down on the corrupt elements is around the corner. We have numerous examples of committees having been set up in the past to investigate one problem or another, their efforts invariably coming to naught — or at least being carefully shielded from public view. Besides, the point is not to study corruption, but to fight it. The will to do this can be indicated by initiating the process at the highest adminis-

trative tiers. Needless to say, investigations should be conducted, evidence meticulously compiled, and the accused person given an opportunity to defend himself. Once the process has been set in motion and exemplary punishments awarded to the guilty in high places, the elimination of the evil will no longer appear as difficult and complex and undertaking as it seems. To facilitate the task, anti-corruption centres could be set up in various parts of the country to receive public complaints as well as information on corrupt elements. Given the desperate nature of the situation, it would be proper to guarantee anonymity to all complainants and informants. Arbitrary action must, however, be avoided, since the process is a delicate one and evidence of unfair victimisation could detract from its credibility. Concrete measures of this nature would be infinitely preferable to squandering public time and resources on the formulation and publication of the kind of questionnaire that has been publicised for the past few days.

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CSO: 4600/287

PAKISTAN

BRIEFS

TI CHIEF ON LAND REFORMS--The Tehrik-i-Istiqlal will introduce revolutionary land reforms if returned to power. The maximum holding will be 25 acres per person and at least 10 million acres will be given to the landless. "A suitable law will be passed within a hundred days of our coming into power and if we fail to deliver, we'll quit," the Tehrik President, Air Marshal (Retd) Asghar Khan, told a well-attended public meeting at the Mochi Gate Gardens last Friday. [Text] [Lahore VIEWPOINT in English 3 Apr 86 p 16] /9317

POLITICAL PRISONERS IN NWFP--The Political Prisoners Release and Relief Committee has repudiated the statement made recently by the Chief Minister of the NWFP that there are no political prisoners in his province. According to the Committee, there still are 38 such prisoners in the province, seven of them under trial. Mr Liaquat Husain Warraich, Secretary-General of the Committee, released the following list which shows that eight of the political prisoners in the NWFP are serving 25-year terms while 11 have been sentenced to 14 years' imprisonment each. Syed Mohib Ali Shah, Wali Mohammad Saheto, Mohammad Ali, Iqbal Husain, Karim Khan, Zahir Dilsato, Master Meer Ali Shah, Attaullah Khan, Ali Aman Shah, Shams Boneri, Malik Noor Rehman, Kamran Haider Kajro, Haji Zarshad, Tahir Shah, Mohammad Tahir, Mohabbat Khan, Dost Mohammad, Mashooq Jan, Gul Jan, Bakht Mohammad, Shah Rahman, Amir Mohammad Waiz, Inam Bangash, Bakash Mual, Mastar Zargul, Mohammad Ashraf, Jehangir Khan, Shahab Saqib, Arif Kemal, Zafar, Ijazul Haqi, Ikram Khan, Zahir Husain Dilosoze, Said Mohammad, Gul Husain, Ghulam Ali, Abdul Raziq Khan and Abdul Samad. [Text] [Lahore VIEWPOINT in English 3 Apr 86 p 17] /9317

CALL FOR SERAIKI PROVINCE--Muzaffargarh, April 13--Constitution of a fifth province of Seraiki nationality was the need of the hour and vital for the existence, integrity, solidarity and prosperity of Pakistan. It was stated by Mian Muzaffar Mehdi Hashmi, ex-MNA; Sardar Yar Mohammad Khan, Murid Hussain Naz, Mohammad Nawaz Bhutta, Sardar Niaz Ahmed Khan, Muzaffar Hussain Magsi and Allah Bakhsh Mujahid while addressing a public meeting here on Saturday night. They argued that division of Punjab would help to minimise the hatred against the Punjab in the minds of smaller provinces. They said that Seraiki was known and familiar to the people from Tharparker

to Tashkent, but it was always ignored and neglected by the previous regimes. They said that Seraiki people would not allow anyone to usurp their rights and depriving them to their lawful rights. They demanded that that the income from minerals be spent in tribal areas and jobs be provided to the unemployed people of this area. Mr Magsi said that more than 100,000 youth of Seraiki areas have joined the movement for constitution of new province. They would not allow bureaucracy and feudal lords to exploit them any more, they said. [Text] [Karachi DAWN in English 14 Apr 86 p 6] /9317

CSO: 4600/288

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